

The Trusted Professional

THE NEWSPAPER OF THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

VOL. 17 NO. 2 | FEBRUARY 2014 | WWW.TRUSTEDPROFESSIONAL.COM | WWW.NYSSCPA.ORG

2013-2014 NOMINATING COMMITTEE REPORT, PAGE 3

Cuomo budget: changes could affect CPAs and their clients



Gov. Andrew M. Cuomo's proposals for the state budget call for tax changes that will affect CPAs' employers and their individual and corporate clients.

BY RICHARD KORETO
Trusted Professional Correspondent

In his budget speech on Feb. 21, Gov. Andrew M. Cuomo pointed out that under his administration, the state has passed three budgets in a row on-time—something that hadn't happened in more than 30 years. Now, he said, he's going for four in a row, which New York hasn't achieved since Nelson Rockefeller was governor and many current legislators were still learning how to walk. His speech was upbeat—in fact, he had already mapped much of his tax strategy, so there wasn't much in the way of surprise in that area—but that doesn't mean there won't be any push-back as the state's fiscal year draws to a close on March 31.

The governor outlined his proposals in two documents: a 12-page summary and an 89-page *Executive Budget Briefing Book*.

The summary highlighted eight tax-reform items, some of which clearly came out of the Tax Reform and Fairness Commission and the Tax Relief Commission, both of which released reports late last year. CPAs should look for these possible changes to tax issues that affect their employers and their individual and corporate clients:

- **Corporate tax reform.** Not only a reduction of the tax rate on net income to 6.5 percent, but a combination of the corporate franchise and bank taxes to provide simplification and improve voluntary compliance.

- **A 20 percent real property tax credit for manufacturers.** A refundable credit equal to 20 percent of property taxes paid by manufacturers who own property.

See Budget, on page 8

NYSSCPA 2014–2015 Board nominations announced

BY F. MICHAEL ZOVISTOSKI, CPA
NYSSCPA Secretary/Treasurer

The 2013–2014 NYSSCPA Nominating Committee met on Jan. 9 to decide its nominations for Society officers for the 2014–2015 fiscal year and for NYSSCPA Board of Directors members, with terms beginning June 1, 2014. (The formal report is reprinted in this issue of *The Trusted Professional* on page 3, and the service record of all nominees is reprinted on pages 4 and 5.)

In accordance with the Society's by-

laws, the nominating committee report was emailed to Society members—who provided email addresses to the Society—by Feb. 3, and was posted to the nomination center on the Society's website on or before Feb. 1. The nomination center is located at nysscpa.org/page/about-us/governance/nomination-center.

On behalf of the entire membership, I would like to thank the members of the Nominating Committee for their work in identifying candidates to serve. Vetting our future leadership is one of the most important tasks we undertake on a yearly basis.

A ballot listing the nominees with their service records will be sent to the Society's voting membership, as part of the April issue of *The Trusted Professional*, before the Society's Annual Election Meeting and Dinner, to be held on May 15, 2014. Any independent nominees submitted by March 1, as discussed below, will be included in the proxy ballot. I urge all members to carefully examine the ballot information and vote.

Independent nominations

According to Article X of the Society's bylaws, independent nominations for an

officer or elected director may be made by a petition filed with the Secretary/Treasurer by March 1. (See www.nysscpa.org/society/by-laws.htm.) These candidates are then added to the ballot, along with those individuals nominated by the nominating committee.

Pursuant to the bylaws, any submitted petition for independent nominees requires at least 507 signatures of CPA members (2 percent of the CPA membership as of the beginning of the fiscal year, which totaled 25,348 this year), other than that of the nominee,

See Nominations, on page 8

INSIDE THIS EDITION

Opinion	2
Newsmaker	6
Society News	9
Advocacy	10
Audit	15
Chapter News	18
Classifieds	22

TAXATION

NYSDTF rules up for review



PAGE 11

NONPROFITS

Special coverage of the 36th Annual Nonprofit Conference



PAGE 12

RISK MANAGEMENT

Practice continuation for small firms



PAGE 16

PRESIDENT'S COMMENTARY

An important reminder for busy season

Change is inevitable in our profession, but this year, we enter a busy season that seems especially rife with new and shifting developments. That includes the tax implications stemming from the Affordable Care Act and the demise of the Defense of Marriage Act; new local, state and federal tax codes; an increased regulatory environment in the wake of legislation such as the Dodd-Frank Act and the Consumer Protection Act; and a host of new accounting and auditing standards. Indeed, New York CPAs will have their work cut out for them in 2014.

To succeed during this demanding time, you'll need to utilize every resource at your disposal. But as you reach for your agency phone numbers and your reference guides, keep in mind that the NYSSCPA can be one of the most useful tools in your arsenal.

Often, what you need most during the busy season is the human element—contact with other professionals who can act as a sounding board or fully understand your concerns.

The Society affords you the opportunity to meet and maintain an open dialogue with your fellow CPAs through its 15 chapters and more than 60 statewide committees. It also offers an exclusive, members-only benefit that can become crucial during tax season: the technical hotline, which makes it easy for members to get help with confusing technical queries. (To contact the technical hotline, dial 212-719-8309 or email technical@nysscpa.org.) There are the Society's online and print publications, including the *Tax Stringer* and *The CPA Journal*, which shed light on the profession's legislative, regulatory and administrative developments, particularly as they concern tax and audit policies. And of course, the Foundation for Accounting Education (FAE) continues to offer educational seminars and conferences that speak to the



J. Michael Kirkland

hot-button issues of the season, such as the current health care law and accounting and auditing standards.

In addition, the Society may be of use to you in a very tangible way this busy season, with a new program for renting state-of-the-art office space and conference rooms at its 14 Wall Street headquarters. Visit nysscpa.org for more details and instructions on making a rental request. We're entering a period that could prove challenging for even the most veteran of professionals, but you don't have to go it alone. Make the most of your membership and take full advantage of the NYSSCPA's resources. Remember: We're here to help you.

president@nysscpa.org

PRESIDENT
J. Michael Kirkland, CPA

PRESIDENT-ELECT
Scott M. Adair, CPA

SECRETARY/TREASURER
F. Michael Zovistoski, CPA

VICE PRESIDENTS
Ian J. Benjamin, CPA
Adrian P. Fitzsimons, CPA
Barbara A. Marino, CPA
Warren Ruppel, CPA

EXECUTIVE DIRECTOR
Joanne S. Barry, CAE

DIRECTOR
OF COMMUNICATIONS
Colleen Lutolf

EDITOR
Nicole Saunders

STAFF WRITER
Chris Gaetano

COPY EDITORS
Gene Cioffi
Christopher Davis

EDITORIAL ASSISTANT
Anna Rakovsky

ART DIRECTOR
Larry E. Matthews

GRAPHIC DESIGN MANAGER
Ernesto Dario Lara

GRAPHIC DESIGN
Sara M. Gold

The New York State Society of CPAs and *The Trusted Professional* greatly value editorial contributions from our members, readers and those affiliated with the accounting profession. Additionally, we are happy to publish pertinent ads and notices. To ensure that each issue of *The Trusted Professional* is distributed on a timely basis, we have issued the following deadlines by which such materials must be received:

March issue—February 12

April issue—March 13

May issue—April 11

To update subscription information, contact Member Services at 800-633-6320.

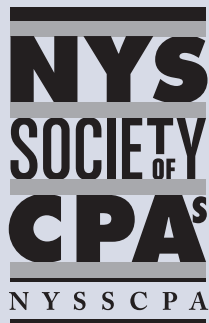
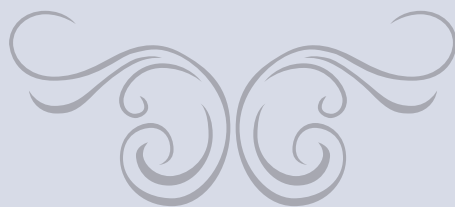
Views expressed in articles printed in The Trusted Professional are the authors' only and are not to be attributed to the publication, its editors, the NYSSCPA or the FAE, or their directors, officers, or employees, unless expressly so stated. Articles contain information believed by the authors to be accurate, but the publisher, editors and authors are not engaged in rendering legal, accounting or other professional services. If specific professional advice or assistance is required, the services of a competent professional should be sought.

Permission to reprint *The Trusted Professional* articles is granted with few exceptions. Written requests indicating title, author, publication date and intended use of the reprint should be made prior to each use by contacting the editor at 14 Wall Street, New York, NY 10005, 212-719-8321 or nsaunders@nysscpa.org.

The Trusted Professional (USPS 017-482) is published on the 1st of each month, by the New York State Society of Certified Public Accountants, 14 Wall Street, New York, NY 10005. Copyright © 2013 by the New York State Society of Certified Public Accountants. The NYSSCPA retains the copyright on all material. Subscription Rate: members \$15, nonmembers \$20. Periodicals postage paid at New York, N.Y., and additional mailing offices.

POSTMASTER: Send address changes to
The Trusted Professional
14 Wall Street
19th floor
New York, NY 10005
Attn: Subscription Department

Create change in ALBANY



By representing more than 29,000 members, the NYSSCPA acts as the unified voice for CPAs throughout New York State. While we are often able to use our strength in numbers to take action, political advocacy sometimes requires a more grassroots approach. This is why the NYSSCPA is inviting its members to become a part of its Key Contact Program. Much in the same way networking is vital to professional advancement, developing a strong political network of connections is important to any government advocacy program.

To Become a Key Contact:

Click on the Government Affairs tab on the NYSSCPA website and then click on the "Get Involved" link.

Or type the web address directly into your internet browser: nysscpa.org/page/key-contact

Members can also call: 212-719-8385

NOMINATING COMMITTEE REPORT

Jan. 14, 2014

OFFICERS: to hold office for one year, from June 1, 2014:

PRESIDENT

Scott M. Adair automatically succeeds **J. Michael Kirkland** as President in accordance with Article VIII, Paragraph 5 of the Bylaws.

PRESIDENT-ELECT

Joseph M. Falbo, Jr. to succeed

Tronconi Segarra & Associates LLP

SCOTT M. ADAIR

Rochester Genesee Regional Transportation Authority

VICE PRESIDENTS

Harold L. Deiters III to succeed

Baker Tilly Virchow Krause, LLP

IAN J. BENJAMIN

McGladrey LLP

TIMOTHY P. HEDLEY to succeed

KPMG LLP

ADRIAN P. FITZSIMONS

St. John's University

SCOTT D. HOSLER to succeed

Bonadio & Co., LLP

BARBARA A. MARINO

The Hackett Group Inc.

CYNTHIA A. SCARINCI to succeed

College of Staten Island (CUNY)

WARREN RUPPEL

Marks Paneth & Shron LLP

SECRETARY/TREASURER

F. Michael Zovistoski to succeed

UHY LLP

F. MICHAEL ZOVISTOSKI

UHY LLP

DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2014:

JAN C. HERRINGER to succeed

BDO USA, LLP

SHARI E. BERK

S. E. Berk & Associates P.A.

KEVIN MATZ to succeed

Kevin Matz & Associates PLLC

KEVIN MATZ

Kevin Matz & Associates PLLC
[Kevin Matz was elected by the Board of Directors on June 3, 2013, to fill the vacancy in the term of Domenick J. Esposito, which ends on May 31, 2014]

JEAN G. JOSEPH to succeed

Joseph Tax & Consulting Services LLC

TIMOTHY P. HEDLEY

KPMG LLP

M. JACOB RENICK to succeed

M. J. Renick & Associates LLC

ELLIOT A. LESSER

Berdon LLP

WARREN RUPPEL to succeed

Marks Paneth & Shron LLP

MICHAEL F. ROSENBLATT

The Quest Organization

DIRECTOR-AT-LARGE: to serve the remaining one year of Harold L. Deiters III's term (should he be elected to the position of Vice President) from June 1, 2014:

PETER H. FRANK to succeed

Cornick, Garber & Sandler, LLP

HAROLD L. DEITERS III

Baker Tilly Virchow Krause, LLP

DIRECTORS AS CHAPTER REPRESENTATIVES: to hold office for three years, from June 1, 2014:

ADIRONDACK
JACQUELINE E. MILLER to succeed

Pinto, Mucenski, Hooper, VanHouse, & Co.

DOUGLAS L. HOFFMAN

Dragon Benware CPAs, P.C.

NASSAU
ELIZABETH A. HAYNIE to succeed

Katz, Bernstein & Katz, LLP

ERIC M. KRAMER

Farrell Fritz, P.C.

ROCHESTER
DAVID G. YOUNG to succeed

Young & Company CPAs, LLP

STEVEN M. MORSE

Rochester Institute of Technology

STATEN ISLAND
ROSEMARIE GIOVINAZZO-BARNICKEL to succeed

Rosemarie Giovinazzo-Barnickel, CPA

CYNTHIA A. SCARINCI

College of Staten Island (CUNY)

SUFFOLK
PAUL E. BECHT to succeed

Baker Tilly Virchow Krause, LLP

JOHN SHILLINGSFORD

Albrecht, Viggiano, Zureck & Company, P.C.

DIRECTOR AS CHAPTER REPRESENTATIVE: to hold office for two years, from June 1, 2014:

UTICA
VACANT to succeed

SCOTT D. HOSLER

Bonadio & Co., LLP [Should he be elected to the position of vice president]

ALL OF THE NOMINEES HAVE CONSENTED TO SERVE IF ELECTED.

J. Michael Kirkland automatically becomes Director for one year as Immediate Past President in accordance with Article VI, Paragraph 1 of the Bylaws.

DIRECTORS (provided the above nominees are duly elected):

TERMS EXPIRING IN 2015:

ANTHONY T. ABBOUD, *Firley, Moran, Freer & Eassa, CPA, P.C.*

WILLIAM AIKEN, *Retired*

GREGORY J. ALTMAN, *Somerset Production Company, LLC*

BARBARA E. BEL, *O'Connor Davies, LLP*

CHRISTOPHER G. CAHILL, *Deloitte & Touche LLP*

HAROLD L. DEITERS III, *Baker Tilly Virchow Krause LLP*

PETER H. FRANK, *Cornick, Garber & Sandler, LLP*

TIMOTHY P. HEDLEY, *KPMG LLP*

SCOTT D. HOSLER, *Bonadio & Co., LLP*

SCOTT M. HOTALEN, *Vieira & Associates, CPAs, P.C.*

J. MICHAEL KIRKLAND, *Deutsche Bank AG*

ARTHUR J. ROTH, *Retired*

CYNTHIA A. SCARINCI, *College of Staten Island (CUNY)*

YEN D. TRAN, *PricewaterhouseCoopers LLP*

RICHARD T. VAN OSTEN, *Ernst & Young LLP*

F. MICHAEL ZOVISTOSKI, *UHY LLP*

TERMS EXPIRING IN 2016:

SCOTT M. ADAIR, *Rochester Genesee Regional Transportation Authority*

ANTHONY S. CHAN, *Sino-Global Shipping America, Ltd.*

JACK F. CRAVEN, *John F. Craven, CPA, LLC*

MICHAEL E. MILSITS, *Hunter Group CPA LLC*

BARBARA L. MONTOUR, *Saint Regis Mohawk Tribe*

STEPHEN T. SURACE, *Adjusters International, Inc.*

TRACY D. TARSIO, *Day Seckler LLP*

MARK ULRICH, *St. John's University*

BETH VAN BLADEL, *EYP Architecture & Engineering, P.C.*

MARK WEG, *Daszkowski, Tompkins, Weg & Carbonella, P.C.*

TERMS EXPIRING IN 2017:

PAUL E. BECHT, *Baker Tilly Virchow Krause, LLP*

ROSEMARIE GIOVINAZZO-BARNICKEL, *Rosemarie Giovinazzo-Barnickel, CPA*

JOSEPH M. FALBO, JR., *Tronconi Segarra & Associates LLP*

ELIZABETH A. HAYNIE, *Katz, Bernstein & Katz, LLP*

JAN C. HERRINGER, *BDO USA, LLP*

JEAN G. JOSEPH, *Joseph Tax & Consulting Services LLC*

KEVIN MATZ, *Kevin Matz & Associates PLLC*

JACQUELINE E. MILLER, *Pinto, Mucenski, Hooper, VanHouse, & Co.*

M. JACOB RENICK, *M. J. Renick & Associates LLC*

WARREN RUPPEL, *Marks Paneth & Shron LLP*

DAVID G. YOUNG, *Young & Company CPAs, LLP*

RESPECTFULLY SUBMITTED,

2013–2014 Nominating Committee

ANN BURSTEIN COHEN (*Chair*)

ANTHONY T. ABBOUD

CYNTHIA D. BARRY

ARTHUR BLOOM

CHRISTOPHER G. CAHILL

SCOTT M. CHESLOWITZ

SHERRY L. DELLEBOVI

BARBARA S. DWYER

STUART KESSLER

MARK L. MEINBERG

RAYNARD ZOLLO

NYSSCPA 2014–2015 NOMINEES

OFFICERS: TO HOLD OFFICE FOR ONE YEAR, FROM JUNE 1, 2014:



PRESIDENT-ELECT

JOSEPH M. FALBO, JR., Partner, Tronconi Segarra & Associates LLP, Williamsville, N.Y. Member of the Society since 1994; member of the Buffalo Chapter. STATEWIDE: Currently serving as the Chair of the Chapter Task Force and as a member of the Legislative Task Force. Previously served as Society Vice President, Secretary/Treasurer and Executive Committee member. Previous committee service includes the Computers in Tax Practice, Finance (Chair), Governance (Chair), Information Technology (Chair) and Nominating (Chair) committees. Past member of the NYSSCPA/FAE Affiliation Task Force. CHAPTER: Previous chapter service includes Buffalo Chapter President, President-elect, Vice President and Executive Board member. Previous chapter committee service includes the Technology (Chair) and Buffalo Chapter Young CPA committees.



SECRETARY/TREASURER

F. MICHAEL ZOVISTOSKI, Partner, UHY LLP, Albany, N.Y. Member of the Society since 1987; member of the Northeast Chapter. STATEWIDE: Currently serving on the Board of Directors as Secretary/Treasurer and on the Executive Committee. Currently serving on the FAE Board of Trustees. Current committee service includes Finance (Chair) and Professional Liability Insurance committees. Previous committee service includes the Governance, Professional Liability Insurance (Chair), Member Benefits (Chair), Public Relations, FAE Curriculum, Investment and Construction Contractors committees. CHAPTER: Previous chapter service includes Northeast Chapter President, President-elect and Secretary. Previous chapter committee service includes the Tax (Chair) and Members in Industry committees (Cochair).



VICE PRESIDENT

HAROLD L. DEITERS III, Partner, Baker Tilly Virchow Krause, LLP, Melville, N.Y. Member of the Society since 1998; member of the Suffolk Chapter. STATEWIDE: Currently serving on the Board of Directors (Director-at-Large). Current committee service includes the Business Valuation Committee. Previous committee service includes the Relations with the Legal Community and Member Benefits committees. CHAPTER: Previous chapter service includes Suffolk Chapter Executive Board (Immediate Past President), President, President-elect, Vice President and Treasurer. Current

chapter committee service includes the Forensic and Valuation Services Committee. Previous chapter committee service includes the Cooperation with Attorneys (Chair), Public Relations (Chair), Young CPAs (Chair), One-on-One Program (Vice Chair), and Accounting and Auditing committees.



VICE PRESIDENT

SCOTT D. HOSLER, Manager, Bonadio & Co., LLP, Clinton, N.Y. Member of the Society since 2006; member of the Utica Chapter. STATEWIDE: Currently serving on the Board of Directors (Director as a Chapter Representative for the Utica Chapter). CHAPTER: Current chapter service includes Utica Chapter Executive Board. Previous chapter service includes Utica Chapter President, President-elect, Secretary and Treasurer.



VICE PRESIDENT

TIMOTHY P. HEDLEY, Partner, KPMG LLP, New York, N.Y. Member of the Society since 2002; member of the Manhattan/Bronx Chapter. STATEWIDE: Currently serving on the Board of Directors (Director-at-Large). Current committee service includes the Litigation Services, Audit (Chair) and Business Exit and Succession Planning committees. Previously served on the Consulting Services Oversight (Chair), Anti-Money Laundering and Counter Terrorist Financing (Chair and Vice Chair), Awards and Professional Ethics committees.



VICE PRESIDENT

CYNTHIA A. SCARINCI, Professor, College of Staten Island School of Business (CUNY), Staten Island, N.Y. Member of the Society since 1990; member of the Staten Island Chapter. STATEWIDE: Currently serving on the Board of Directors (Director as a Chapter Representative for the Staten Island Chapter). Previous committee service includes the Awards Committee. CHAPTER: Previous chapter service includes Staten Island Chapter President, President-elect, Vice President and Chapter Executive Board (Trustee). Previous chapter committee service includes One-on-One Program, Technology and Education (Chair).

DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2014:



JAN C. HERRINGER, Auditor, BDO USA, LLP, New York, N.Y. Member of the Society since 2005; member of the Manhattan/Bronx Chapter. STATEWIDE: Currently serving on the Auditing Standards and International Accounting and Auditing committees. Previous committee service includes the Accounting and Auditing Oversight, Auditing Standards (Chair and Vice Chair), and International Accounting and Auditing committees.



KEVIN MATZ, Attorney, Kevin Matz & Associates PLLC, White Plains, N.Y. Member of the Society since 1993; member of the Manhattan/Bronx Chapter. STATEWIDE: Currently serving on the Board of Directors (Director-at-Large). Currently serving on the Chapter Task Force. Current committee service includes the Estate Planning (Chair), Family Office, Trust and Estate Administration, International Taxation, Entertainment Arts and Sports, and Private Equity and Venture Capital committees. Previously served on the TDOC Rapid Response Subcommittee. Previous committee service includes the Entertainment, Arts and Sports (Chair and Vice Chair), Estate Planning (Vice Chair), Family Office, Industry Oversight, International Taxation, Investment Management, Private Equity and Venture Capital, and Trust and Estate Administration committees.

DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2014:



JEAN G. JOSEPH, Managing Member, Joseph Tax & Consulting Services LLC, Brooklyn, N.Y. Member of the Society since 1998; member of the Queens/Brooklyn Chapter. CHAPTER: Current chapter service includes Queens/Brooklyn Chapter Executive Board. Previous chapter service includes Queens/Brooklyn Chapter President, President-elect and Executive Board. Current chapter committee service includes the Queens/Brooklyn Chapter MAP Committee (Chair). Past member of the COAP LIU Advisory Board.



WARREN RUPPEL, Partner, Marks Paneth & Shron LLP, New York, N.Y. Member of the Society since 1981; member of the Manhattan/Bronx Chapter. STATEWIDE: Currently serving on the Board of Directors (Vice President and the Executive Committee). Previously served as President and President-elect of the FAE Board of Trustees. Current committee service includes the Government Accounting and Auditing Committee (Past Chair). Previous committee service includes the Audit (Chair), Accounting and Auditing Oversight, Finance, and Not-for-Profit Organizations committees, and the Government Audit Quality Task Force.



M. JACOB RENICK, Retired, M. J. Renick & Associates LLC, New Rochelle, N.Y. Member of the Society since 1973; member of the Westchester Chapter. STATEWIDE: Currently serving on the Bankruptcy and Financial Reorganization and Litigation Services committees. Previous committee service includes the Accounting and Auditing Oversight, Apparel and Textile, Auditing Standards, Bankruptcy and Financial Reorganization (Chair and Vice Chair), Committee Operations, Construction Contractors, Consulting Services Oversight, Financial Accounting Standards, Financing and Leasing Companies, Firm Coordinators, Litigation Services (Chair and Vice Chair), Management Tools and Techniques, Mediation and Arbitration, Nominating, Quality Control and Practice Assistance, Relations with the Legal Community and Stock Brokerage committees. CHAPTER: Previous chapter committee service includes the Westchester Chapter Financial Services Committee.



PETER H. FRANK, Partner, Cornick Garber & Sandler, LLP, New York, N.Y. Member of the Society since 1988; member of the Manhattan/Bronx Chapter. STATEWIDE: Current committee service includes the International Taxation and Entertainment, Arts and Sports committees. Currently serves on the Legislative Task Force. Previously served on the Board of Directors and the Executive Committee. Previous committee service includes the Awards, COAP Fundraising, Committee Operations, Consulting Services Oversight (Chair), General Committee on CUDP (Chair), Emerging Technologies (Chair), Entertainment, Arts and Sports, Interactive Online Resources, International Taxation, Member Benefits and Nominating committees. CHAPTER: Previous chapter service includes Manhattan/Bronx Chapter President, President-elect, Immediate Past President and Executive Board Member.

DIRECTORS AS CHAPTER REPRESENTATIVES: to hold office for three years, from June 1, 2014:



ADIRONDACK:

JACQUELINE E. MILLER, Partner, Pinto, Mucenski, Hooper, VanHouse, & Co., Potsdam, N.Y. Member of the Society since 1998; member of the Adirondack Chapter. STATEWIDE: Current committee service includes the Awards Committee. CHAPTER: Current chapter service includes Adirondack Chapter President. Previous chapter service includes Adirondack Chapter President-elect and Executive Board member.



STATEN ISLAND:

ROSEMARIE GIOVINAZZO-BARNICKEL, Sole Practitioner, Rosemarie Giovinazzo-Barnickel, CPA, Staten Island, N.Y. Member of the Society since 1989; member of the Staten Island Chapter. STATEWIDE: Current service includes the Strategic Planning Task Force. Previously served as Society Vice President, Director-at-Large and Executive Committee member. Previous committee service includes the Audit (Chair), Annual Leadership Conference, Awards, Finance, Legislation, Member Benefits (Chair), NC Petitioners and Nominating committees. Past member of the Task Force on Chapters. CHAPTER: Previous chapter service includes Staten Island Chapter President, President-elect, Vice President, Secretary and Executive Board member. Previous chapter committee service includes the Education, One-on-One Program, COAP, Public Relations and Sponsorship committees.



NASSAU:

ELIZABETH A. HAYNIE, Consultant, Katz, Bernstein & Katz, LLP, Syosset, N.Y. Member of the Society since 1990; member of the Nassau Chapter. STATEWIDE: Current service includes the COAP Adelphi and COAP Hofstra Advisory boards. Previous committee service includes the Membership Committee. CHAPTER: Previous chapter service includes Nassau Chapter President, President-elect, Vice President, Secretary and Executive Board member. Previous chapter committee service includes Women's Focus Group (Chair), Estate and Personal Financial Planning (Cochair), Federal Taxation, General Meetings and Membership (Cochair), High School Recruitment, Membership (Chair) and Newsletter (Cochair) committees.



SUFFOLK:

PAUL E. BECHT, Partner, Baker Tilly Virchow Krause, LLP, Melville, NY. Member of the Society since 1998; member of the Suffolk Chapter. STATEWIDE: Previous committee service includes the Awards Committee. CHAPTER: Previous chapter service includes Suffolk Chapter President, President-elect, Vice President, Treasurer, Immediate Past President and Executive Board member. Previous chapter committee service includes the Accounting and Auditing (Chair), Members in Industry, Nominating (Chair), Public Relations, Scholarship, Sponsorship (Cochair) and Young CPAs (Cochair) committees.



ROCHESTER:

DAVID G. YOUNG, Partner-in-Charge, Young & Company CPAs, LLP, Rochester, N.Y. Member of the Society since 1998; member of the Rochester Chapter. CHAPTER: Current chapter service includes the Rochester Chapter Executive Board. Previous chapter service includes the Rochester Chapter Executive Board. Current chapter committee service includes the Taxation Committee.

Marc A. Siegel, Financial Accounting Standards Board member

BY CHRIS GAETANO

Trusted Professional Staff

NYSSCPA member **Marc A. Siegel** was appointed to the Financial Accounting Standards Board (FASB) in 2008 and reappointed for a second term in 2013. A forensic accounting expert with a wide-ranging background in industry, he has helped to bring an investor perspective to the board. Siegel recently spoke with *The Trusted Professional* about what we can expect from the FASB in 2014.

What are the FASB's main priorities this year?

The board is looking forward to a productive year. We expect to finalize guidance on revenue recognition with the International Accounting Standards Board (IASB) during the first half of the year. We also hope to complete our work to improve accounting standards for financial instruments in the areas of classification and measurement, and

And, of course, we will always be working on projects that involve improving transparency in particular line items or transactions, and we will continue to be responsive when questions of interpretation come up.

The Private Company Council (PCC) has been active for more than a year. How well has it been fulfilling its mission?

The dedication, commitment and passion of the PCC members—who, by the way, are volunteers—have been impressive. They met five times in 2013 and have made significant progress. Their input was critical in the recently finalized decision-making framework that will help guide the board for years to come on how to think about recognition, measurement, presentation, effective date, transition and disclosure issues in the private company context. The PCC has moved forward on a number of issues for private companies, recommending an option to amortize goodwill after an acquisition and an

option to understand which disclosures might be the most useful, compared to the ones that were the most costly to produce. These types of outreach are quite constructive, and I hope we continue doing them during my second term.

To what degree will private companies be factored into ongoing technical projects, such as leases or revenue recognition?

For the past several years, even before the PCC was formed, we've had dedicated staff on each of the big projects whose role is to bring the private company perspective to the board. So, in revenue recognition and leases, for example, we had already obtained feedback from our private company financial reporting committee, our small business advisory committee and from outreach



MARC A. SIEGEL

The Financial Accounting Foundation (FAF) had expressed a desire for the FASB to be more closely involved with the IASB, even after the convergence projects are completed. What will be the nature of these two bodies' interactions once the convergence projects are concluded?

The FASB has worked closely with the IASB for many years, with the unique ability to deliberate accounting topics at the same table. Once the convergence projects are complete, this unique standing among all other standards setters will change. We will, howev-

“One thing we have discussed doing differently is to change the timing of the consideration of public businesses in the issues that the PCC identifies.”

credit impairment. And we will be working closely with the IASB on our joint project on accounting for leases. A large-scale project reconsidering accounting for insurance contracts is also on tap.

Beyond these four big projects, we plan to review the mix of projects we undertake going forward. One of our advisory groups, the Financial Accounting Standards Advisory Council (FASAC), recently conducted a survey about FASB priorities, which is available on our website, fasb.org. It shows which projects on our agenda are important to stakeholders. [Ed. Note: According to the FASAC, the top projects that survey respondents felt the board should prioritize over the next three to five years include the Disclosure Framework, Accounting for Financial Instruments: Hedging, Conceptual Framework, Financial Instruments with Characteristics of Equity Pensions and Financial Statement Presentation.]

Our preliminary thinking is that our future projects should fit into one of several categories. The first category would be projects that cut across all elements of accounting—this could include projects such as the Disclosure Framework, elements of our conceptual framework and a reconsideration of how performance is presented in the financial statements. Another category would be projects aimed at simplifying accounting and taking complexity out of GAAP wherever we can.

option to apply a more simplified approach to hedge accounting for certain interest rate swaps when the intent is to mirror fixed-rate debt. They are also considering other topics such as identifying and recognizing separately intangible assets in a business combination, and consolidation accounting in related-party lease situations. And it also held a town hall late in 2013 to make sure that any emerging issues in the private company landscape are identified. So, they've made great progress so far.

Is there any work, internally, that remains to be done to the structure of the PCC?

Not so much to the structure, but one thing we have discussed doing differently is to change the timing of the consideration of public businesses in the issues that the PCC identifies. In the first couple of issues the PCC discussed, the board deferred the question about whether the identified problem is solely a private company issue, or if it also is applicable to public companies. Going forward, we want to think about that up front. One example where we did this is [with] development-stage entities. The PCC identified significant costs in applying GAAP requirements for development-stage entities. We worked with some of these companies and their investors, and learned that the requirements produced high costs and low benefits

conducted by the dedicated staff on the project teams. Now that the PCC is in place, we look to them as an advisory group on current agenda topics, in addition to the work that the project teams do.

What lessons did you learn in your first term and how will you apply them to your second?

Patience is one of the biggest things I learned during my first term. The due process that we follow takes quite some time, but may be the best way to ensure that the board has the information needed in order to assess the costs and benefits of proposed changes to accounting standards. It's also become more and more clear how interconnected all the parts of the financial reporting system are. Any changes that we propose have to be implemented by preparers, evaluated by auditors and understood by users. This also has to take place in an environment where there is second-guessing about judgments made along the way. So, in some cases, we have found creative ways to put all parties together in a room to discuss the relative tradeoffs. In one example, the Center for Audit Quality sponsored and co-hosted with us two forums to discuss the Disclosure Framework. Preparers, auditors, regulators, attorneys and investors were all represented. In the case of disclosures for revenue recognition, we held focus meetings with preparers and investors

er, remain very involved with the IASB. The FASB is a member of the IASB's Accounting Standards Advisory Forum, a technical advisory body made up of standards setters throughout the world. It meets regularly with the IASB to provide input into their standards-setting activities. Additionally, we have excellent relationships with other standards setters around the world and frequently meet to discuss accounting topics of mutual interest. Our objective is to continue to work to improve and converge U.S. GAAP for preparers and investors who are using it around the globe.

Getting into one of the specific convergence projects, there has been concern that the proposed lease standard, even after revision into a Type A and B model, is still too complex and relies too much on management judgment. To what degree do you feel the proposal will need to be further simplified by the time a final standard is issued?

The boards are just beginning to redeliberate the issues in our second exposure draft on accounting for lease contracts, and the feedback on complexity will be one of the main elements of those deliberations. Complexity is sometimes a difficult term to define, though.

See Newsmaker, on page 7

Newsmaker

Continued from page 6

For example, some might say that the model would be much less complex if there were only one type of lease. In this way, preparers wouldn't have to assess all their leases in order to classify them. However, the feedback was not unanimous as to which model (Type A or Type B) better reflects the economics for all leases, especially in different industries. Complexity might be perceived to be added if preparers believe that a simpler, one-lease-type model doesn't reflect the economics and they have to explain the accounting to their users, potentially creating additional non-GAAP metrics. Stay tuned.

Again on leases, the FASB and IASB have disagreed on some key points regarding the proposed standard, such as lease types. How confident are you that these differences can be resolved, and what would the FASB's course of action be in the case of irreconcilable differences on the matter?

So far, for the most part, the FASB and IASB have made substantially converged conclusions in the latest exposure draft. Going back to your last question about complexity, additional complexity would certainly be added if we diverge now. The boards will be receiving briefing memos written by staff from a joint project team and together will be deliberating all the issues, often at the very same table. This puts us in the best position to achieve converged answers, but there are no guarantees, as there are more than 20 individual board members between the two boards.

You plan to issue the final version of the revenue recognition standard early this year. Do you anticipate this to be the final word on the matter?

A smooth transition to the new revenue recognition standard is certainly everyone's goal. To try to achieve that objective, one of the things we will do is establish a Joint Transition Resource Group with the IASB. The group will be made up of 10 to 15 specialists representing preparers, auditors, regulators and investors, and will solicit, analyze and discuss issues that apply to common transactions that could reasonably create diversity in practice. The discussions will help the boards determine what action, if any, will be needed to resolve the diversity. The group itself will not issue guidance, but these meetings will be held in public and minutes will be drafted and made available to our stakeholders. In the past, we have tried different techniques aimed at fostering a smooth transition, and those efforts and experiences will help this group's effectiveness.

Where do you think practitioners will face the most difficulty in terms of implementing the new revenue recognition standard?

The implications of the revenue recognition standard and the complexity of implementation really will vary from industry to industry, and the challenges will be different depending

on the sector. In many cases, the outcomes may not appear very different under the new approach as compared to the current guidance. In those situations, communicating trend information and explaining future implications to public company investors will not be very difficult, but those preparers still might have to reassess and document internal processes and controls. In other cases, new judgments will have to be made that don't exist today. For one example, the new model differentiates between certain types of licenses of intellectual property, and preparers will have to assess which license falls into which classification. The boards discussed this area many times, and we are drafting implementation guidance and examples that will help preparers distinguish between these licenses. Another area that requires judgment today and will continue to require judgment is estimating variable consideration. Under the new model, in situations where the agreed-upon transaction price is not fixed or is subject to a contingency, a preparer will be estimating a constrained transaction price, which could be a new area of judgment.

How does the FASB consider the auditability of its standards in the standards-setting process?

Auditability is one element of cost that the FASB analyzes when comparing the benefits of a proposal. As part of our normal due process, we do outreach with audit firms large and small in order to understand the auditability of our proposals. Our advisory groups and any project-specific resource groups always include auditor representatives. Moreover, the majority of our staff members and many of our board members were auditors at one point, so the auditor perspective is provided to the board. An example of how we consider this perspective is the phrase "probability-weighted expected cash flows." We have learned that using this phrase in a new standard carries a high cost because of what many auditors expect to analyze when they audit an estimate using that measurement. FASB members, therefore, have to take that into account when deciding whether or not to use that phrase when drafting a measurement requirement for a particular line item.

What's a financial accounting issue that you think is getting too little attention?

A presentation issue that is really important to me is how performance is reported in the basic financial statements. The proliferation of non-GAAP measures is a phenomenon that could be an indicator that operating income, net income or comprehensive income are not seen as useful communicators of performance during the reporting period. A reconsideration of how performance is reflected in the financial statements and how it relates to the other financial statements might really help companies communicate with their stakeholders in a much more efficient way.

cgaetano@nysscpa.org



"Oh, that three billion dollars."

Don't let this happen to you. We make your job easier with customized bookkeeping solutions and clean, orderly year-end reporting packages. Simplify your tax filing preparation this year with The RMG Group.

RMG+ THE RMG GROUP
Bookkeeping & Allied Services
(212) 256-0666 RMGbookkeeping.com

RF RESOURCES LLC

M&A, partner search and succession planning for CPA firms

“You're a success.
Now what?”

You have an exceptionally successful firm. Two to five partners with earnings per partner in the mid six figures. Up to date technology. Favorable lease. Good staff. A nice life.

But warning signs are flashing. You're thinking: We are all in our 50s and 60s. Who is going to buy us all out at a reasonable price?”

As New York's pre-eminent strategic advisors to the CPA profession, RF Resources can help sort out the issues and provide answers.

We're CPAs. We specialize only in the New York metro area. And only in the best.



Isn't it time we talked?

Call Robert Fligel, CPA, at 212-490-9700 or email rfligel@rf-resources.com.

80 Park Avenue | New York, NY 10016

rf-resources.com

Budget

Continued from front page

• **Elimination of the net income tax rate on upstate manufacturers.** Cuomo's proposal lowers the tax rate on income for upstate manufacturers from the current 5.9 percent to zero in 2014 and thereafter.

• **Elimination of Tax Law Section 18-a temporary assessment for industrial customers, and acceleration of phase out for others.** This is slated to disappear by March 2017, but Cuomo proposes moving that up to the next fiscal year and accelerating the phase out for all other customers.

• **Using the Real Property Tax Freeze as a personal income tax credit.** Proposed late last year and widely discussed, this proposal would freeze property taxes for two years for many homeowners, but only in jurisdictions that meet extensive and strict standards for fiscal discipline and savings.

• **Establishment of the residential real property personal income tax credit.** The governor estimates that this progressively distributed refundable tax, which would provide property tax relief based on an individual homeowner's ability to pay, would yield an average benefit of \$500 per homeowner.

• **Establishment of a renter's personal income tax credit.** Homeowners aren't the only ones seeing a break: Cuomo is proposing a refundable credit for renters. He estimates that the average benefit for a family of four in New York City with income of less than \$50,000 would be about \$410.

• **Estate tax reform.** Much sought after by taxpayers, Cuomo's proposal would raise the current state exclusion threshold from \$1 million to "eventual conformity" with the federal exemption amount—while reducing the top rate from 16 percent to 10 percent over four years.

Cuomo goes into more details on how these proposals might work in the *Briefing Book*. Especially relevant to CPAs is a section titled, "Tax

Reform, Revenue Actions and STAR."

Among the items receiving more attention is estate tax reform. Cuomo noted that New York is one of only 15 states that imposes an estate tax, and has particularly low exemption levels and high rates. According to the *Briefing Book*, the state's current policies encourage elderly New Yorkers to leave and makes transfers of small family-owned businesses problematic. Cuomo said he is also suggesting that the value of gifts be added back to the estate and that the state close loopholes that allow certain trusts to avoid paying New York taxes.

Cuomo also lists various tax simplification proposals, including increasing the personal income tax (PIT) filing income threshold from the current \$4,000—set in 1987—to the amount of the taxpayer's standard deduction. This would eliminate the need to file for some 270,000 filers.

Another proposal is the repeal of article 12 of the Tax Law, which covers tax collections on stock sales transfers from financial service companies. Cuomo said these are fully and immediately rebated and that this tax exists only as "an alternative source to repay New York City Municipal Assistance Corporation Bonds," which have long been retired.

CPAs will be particularly interested in two filing changes that the governor is suggesting. One is modifying signature requirements on professionally prepared e-filed returns. Preparers would no longer have to obtain a signed signature document from clients, but could use an electronic certification.

For CPAs who have self-employed clients, the budget includes a provision to let these clients file and pay Metropolitan Transportation Authority (MTA) mobility taxes while they file their personal incomes taxes, simplifying compliance.

Those who want to read the proposed budget, can do so on the state's Division of the Budget site at www.budget.ny.gov.

rkoreto@nysscpa.org

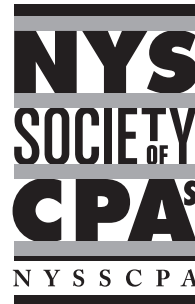
F. Michael Zovistoski, CPA
NYSSCPA Secretary/Treasurer
NYSSCPA, 14 Wall Street, 19th Floor
New York, NY 10005

Annual Election Meeting and Dinner: date and place

Based on the votes cast in the ballot, the officers and directors for 2014–2015 will be elected during the 117th Annual Election Meeting and Dinner on Thursday, May 15, at the Marriott Marquis at Times Square in New York City. Official notice of the meeting will be included in the April issue of *The Trusted Professional*.

Contact information

If you have any questions about this process, please feel free to contact me at secretary.treasurer@nysscpa.org, or the Society's Counsel Bradley M. Pryba at bpryba@nysscpa.org.



When it comes to social media, we're right there on the front lines.

Like us.

Nearly 1,000 people are fans of the NYSSCPA on Facebook . . . and we'd love to have you among them!

Follow us.

We also have a LinkedIn group that has 3,300 members, so be sure to check out our LinkedIn company profile and join in.

Join the conversation.

Find out why nearly 5,000 people are following us on Twitter—sign up to follow us and you can get daily updates from the NYSSCPA on regulatory actions, breaking financial news, upcoming events, and more.



Follow us on Twitter:

twitter.com/nysscpa

Connect with us on LinkedIn:

tinyurl.com/m5d3bfv

Join us on Facebook:

facebook.com/NYSSCPA

Nominations

Continued from front page

and must certify that the nominee has consented to serve if elected. To be eligible for the position of a Society officer or director, a nominee must (i) be a CPA member of the NYSSCPA; (ii) have at least five years' continuous membership in the Society; and (iii) have at least two years of participation either on a Society-level committee or as a member of the executive board of a chapter, or some combination of both.

Independent nomination petition forms may be downloaded from the website's nomination center, located at www.nysscpa.org/page/about-us/governance/nomination-center, and should be sent to the NYSSCPA Secretary/Treasurer as follows:

NYSSCPA's journalism contest seeks new judges for 2014

BY ALONZA ROBERTSON

Trusted Professional Correspondent

The NYSSCPA Excellence in Financial Journalism (EFJ) Awards is now accepting submissions from journalists and reporters for its 2014 contest. The Society is also putting a call out for active NYSSCPA members who'd like to volunteer and join this year's expanded panel of judges.

The EFJ Awards honor professional and student journalists for distinguished reporting that cultivates, promotes and disseminates an understanding of accounting, finance and business topics. This year marks the 31st annual contest.

A panel of judges from the NYSSCPA and the New York Financial Writers Association recognizes reporters from the national and local press whose work—print, broadcast or online—was published or broadcast in

2013; contributed to a better and balanced understanding of accounting, business or financial topics; and was ranked on accuracy, quality and thoroughness of research.

Judging will begin in March, winners are announced in April and a formal awards ceremony will be held May 1.

Past winners of the contest include Kirsten Grind, author of *The Lost Bank: The Story of Washington Mutual—The Biggest Bank Failure in American History*; David A.

Kaplan of *Fortune* magazine; Rob Cox and Robert Cyran of Reuters Breakingviews; David Voreacos of Bloomberg News; Brian Ross of ABC News; and David Kocieniewski of the *New York Times*.

If you are interested in being considered as a volunteer judge for the 2014 EFJ Awards, please email Alonza Robertson at arobertson@nysscpa.org.

Society offers a helping hand with annual tax hotlines

BY ALONZA ROBERTSON

Trusted Professional Correspondent

The NYSSCPA is again teaming up with local newspapers to offer tax advice to state residents via the Society's popular tax hotline program.

The Society's local chapters, working in tandem with its Communications Department, are organizing the various events; booking the dates with newspapers; and soliciting teams of CPA volunteers to

answer questions received from the public via telephone, email and online Web chats.

For more than 20 years, the tax hotline program has allowed the Society's members to provide a public service to those in need of some person-to-person assistance with preparing their tax returns before the April 15 individual tax return filing deadline. In addition, the program also allows members to subtly market themselves and their firms, as the newspapers traditionally publish news stories including

the names and photos of those certified public accountants who participate in the events.

More than 60 volunteers from the NYSSCPA's Buffalo, Manhattan/Bronx, Mid Hudson, Nassau, Queens/Brooklyn, Staten Island, Suffolk, Utica and Westchester chapters participated last year, fielding more than 1,600 calls in February and March.

The 2014 dates for the *Newsday* hotline on Long Island are Feb. 18–19; in Westchester

County, the event date is March 1. Other times and locations around the state are in the process of being confirmed, but all will be held in late February and March.

If you are interested in volunteering, please contact your local NYSSCPA chapter president or email Public Affairs Manager Robert Busweiler at rbusweiler@nysscpa.org or Media Relations Manager Alonza Robertson at arobertson@nysscpa.org for more information.



Host Your Next Conference or Meeting at the New York State Society of CPAs

14 Wall Street, 19th Floor, New York City

We Have Everything You Need!

- Newly renovated space, custom built with your professional and learning needs in mind
- All new furniture—conference and meeting room tables and chairs
- State-of-the-art audiovisual technology
- Free WiFi
- Full-service catering options available at special rates
- Flexible conference room space that can accommodate up to 74 participants
- 4 meeting rooms, each accommodating from 10–22 participants
- A professional video recording and Webcast studio

Ask us about our special rates for first-time and multiple users. For more information, please visit nysscpa.org/spacerental.

For sales, availability, and facility tours, contact Ed Novack at enovack@nysscpa.org, or 212-719-8472, 14 Wall Street, 19th Floor, New York, New York, 10005.

NYSSCPA sends message to D.C. about Baucus pitch, firm rotation

BY CHRIS GAETANO

Trusted Professional Staff

The NYSSCPA is urging Sen. Charles E. Schumer (D-N.Y.) to lend his voice to two critical accounting issues making the rounds on Capitol Hill. In a letter dated Dec. 18, the Society wrote to Schumer concerning a proposal put forward by Sen. Max Baucus (D-Mont.), chair of the Senate Finance Committee. In November, Baucus issued a Cost Recovery and Accounting staff discussion draft that, among other things, suggested that all entities be required to change to the accrual method of accounting if their average gross receipts exceed

\$10 million. However, the Society cautioned, this would eliminate exceptions that currently exist for “all natural persons, certain pass-through entities (i.e., partnerships and S corporations), farmers and personal service corporations” and would create undue burdens.

“The provision ... would require these companies to change to the accrual method, force their owners to pay tax before they have the cash to pay it, and add unnecessary complexity and costs,” the Society said. “As CPAs, we believe tax reform should promote simplicity and economic growth and should not create unnecessary administrative and financial burdens.”

In a second letter, sent to Schumer on Jan. 2, the NYSSCPA expressed support for

S. 1526, the Audit Integrity and Job Protection Act, a measure that would prevent the Public Company Accounting Oversight Board (PCAOB) from mandating audit firm rotation among public companies. The Society urged Schumer to co-sponsor the bill, which passed the House in July, and must now go to the Senate for consideration.

The PCAOB has been exploring mandatory audit firm rotation as one way to increase auditor independence, noting in an August 2011 concept release that its inspections “frequently find audit deficiencies that may be attributable to [auditors’] failure to exercise the required professional skepticism and objectivity.”

But in a December 2011 comment letter

authored by members of its Auditing Standards and SEC committees, the Society disagreed with the idea, saying that the PCAOB failed to effectively link audit failures with lack of independence. Furthermore, the Society asserted that mandatory auditor rotation would be disruptive to the audit industry.

“We remain concerned that mandatory audit firm rotation could have unintended consequences and ultimately reduce audit quality,” the Society wrote to Schumer. “Mandatory firm rotation will limit the accumulation of knowledge and experience upon which an audit firm develops an understanding of a specific company’s operations.”

cgaetano@nysscpa.org

Society gives FASB input on financial instruments and other plans

BY CHRIS GAETANO

Trusted Professional Staff

The NYSSCPA weighed in on several proposals from the Financial Accounting Standards Board (FASB) as part of a recent spate of comment letters. In a letter released on Dec. 19, the Society responded to the FASB proposal, “Development Stage

Entities (Topic 915): Elimination of Certain Financial Reporting Requirements,” a measure aimed at reducing the cost and complexity of incremental reporting for development-stage entities, or entities that devote substantially all of their efforts to establishing a new business, and for which planned principal operations have not commenced or have not generated significant revenue. The proposal would strike

the definition of this type of entity from the literature entirely, making it no different from any other reporting entity, as well as all differential reporting requirements.

The NYSSCPA, however, felt that the FASB should keep the definition and some, though not all, of the differential reporting requirements. These entities, it said, should still be required to describe the nature of their activities and disclose that they had been in the development stages in prior years during the first fiscal year where it is no longer so. It did agree, however, with the proposed elimination of cumulative information currently presented in development-stage entities’ financial statements.

The Society also responded to a FASB proposal originating from the board’s Emerging Issues Task Force, regarding the nature of hybrid financial instruments. On Dec. 19, the NYSSCPA released a comment letter written in response to an Oct. 23 proposal entitled, “Proposed Accounting Standards Update—Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity.” The proposal would have entities, when making an evaluation of whether a hybrid instrument is debt or equity, consider all stated and implied substantive terms and features of that instrument, weighing all relevant facts and circumstances. However, the standard itself would require the use of professional judgment when making the final determination as to the nature of the instrument, with the economic characteristics and risks taken as a whole, and the existence or omission of any single term or feature not necessarily being the final word in this evaluation.

The Society largely agreed with the proposal, though it expressed some concern that it could represent a burden to smaller entities and trigger restatements of previously issued financial results, as the standard would require the use of

a modified retrospective basis. Because of this, the Society recommended that it be permitted, but not required, to use this retrospective basis.

Finally, the Society gave its input on a FASB proposal regarding accounting for share-based payments. On Dec. 19, it released a comment letter, written in response to the FASB proposal “Proposed Accounting Standards Update—Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period,” which also came from the board’s Emerging Issues Task Force. The proposal is intended to provide a framework to account for share-based compensation linked to a reward target that can be completed after a requisite service period, something that U.S. Generally Accepted Accounting Principles currently does not have.

In general, the FASB proposal would require that a performance target that could be achieved after the requisite service period be treated as a performance condition that affects the vesting of the award. In other words, compensation cost would be recognized if it is probable that the performance condition would be achieved, with the total amount of compensation reflecting the number of awards that are expected to vest, with a later adjustment to reflect the ones that ultimately do vest.

The Society largely agreed with the proposal, noting that the treatment would simplify valuation and that separate calculations would not need to be done for those employees retiring prior to the estimated performance target date. By using the performance target as a performance condition, the Society said, compensation cost would not be recognized for performance targets that may have a “more likely than not” expectation of achievement, thereby reporting more accurate financial results.

cgaetano@nysscpa.org

NYSSCPA comment letters

The following list includes all comments letters released by the NYSSCPA between Jan. 1 and Jan. 31. To read all comment letters published by the NYSSCPA, visit nysscpa.org/page/society-comment-letters.

Comments to the AICPA on Exposure Draft, “Omnibus Proposal, Proposed Revised and New Interpretations,” AICPA Professional Ethics Division, Nov. 26, 2013: Released Jan. 24—The AICPA Professional Ethics Executive Committee (PEEC) is exposing for comment revised Interpretation No. 102-2, “Conflicts of interest for Members in Public Practice,” and new Interpretation No. 102-7, “Conflicts of Interest for Members in Business,” under Rule 102, Integrity and Objectivity which provide guidance to members in public practice and business concerning conflicts of interest.

Comments on Regulation Crowdfunding Under the Securities Act of 1933 and the Securities Exchange Act of 1934 to Implement the Requirements of Title III of the Jumpstart Our Business Startups Act, File No.: S7-09-13: Released Jan. 21—Comments to the SEC, which is proposing new regulations on crowdfunding under the Securities Act of 1933 and the Securities Exchange Act of 1934 to implement the requirements of Title III of the Jumpstart Our Business Startups Act that would prescribe rules governing the offer and sale of securities under new Section 4(a)(6) of the Securities Act of 1933.

Comments to Senator Charles E. Schumer on S. 1526, the Audit Integrity and Job Protection Act: Released Jan. 2—Comments on bipartisan legislation that would limit the Public Company Accounting Oversight Board (PCAOB) from requiring mandatory audit firm rotation for public companies and bring the lingering firm rotation debate in the United States to a swift conclusion.

NYS tax department's five-year rule review plan starts again

BY RICHARD J. KORETO

Trusted Professional Correspondent

Don't like a tax rule? The state is going to give you a chance to change it. The State Administrative Procedure Act (SAPA) generally requires agencies to review existing rules at five-year intervals. To that end, the New York

State Department of Taxation and Finance (NYSDTF) is putting up for review a series of 2009 (or older) rules and inviting comments. These rules have already been in effect for at least five years, and the department is not saying it will change all of them—or even any of them. But if you want them left alone, expanded or rolled back, now is the time to put in your two cents.

The full list of rules open for comment is posted on the NYSDTF's website, www.tax.ny.gov, along with instructions for submitting comments, which are due by Feb. 24. Below are some of the key rules likely to be of interest to CPAs.

Department communications. In 2009, the department changed rules to cover communications to tax preparers and the

general public, using the Web and email. It changed advisory opinion policy to improve timeliness and protect taxpayer confidentiality. Are you happy with the current status? Can the department find still more ways to communicate? Is anonymity necessary in advisory opinions?

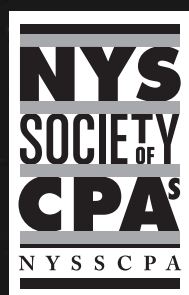
Consumer Bill of Rights. Also five years old is the mandated flier entitled, "Consumer Bill of Rights Regarding Tax Preparers." What do you think of this bill of rights: Should it be expanded or modified in any way? Is it satisfactory as is?

Permanent place of abode (PPA). Nothing gets CPAs worked up like a discussion of this thorny issue. Five years ago, the idea was to exempt any dwelling maintained by fulltime undergraduate students from a definition of a PPA. Dorms were already exempt because they didn't meet older PPA standards, but this 2009 rule exempted undergraduate apartments as well. Should undergrads still be entitled to the PPA exemption whether they live in a dorm or apartment? Or is anyone living in a traditional apartment automatically living in a PPA?

Meals and lodging. This rule, which goes back to 1999, greatly simplified regulations regarding employee meals and lodging. It retained only the provisions that meals and lodging furnished by certain employers to employees are not subject to sales tax if the employers receive no consideration from employees and the values of the meals and lodging are not included as income for the employees for income tax purposes. Is this rule still clear? Does it need to be modified or simplified even further?

Abatement of penalties. This especially extensive rule expanded the application of "reasonable cause" to various other penalties imposed by the state tax law that allowed for abatement upon a showing of reasonable cause and an absence of willful neglect. According to the department, the rule created a "broad, uniform reference applicable to various taxes by including penalties that were not previously covered by the regulations and tax articles that have penalties that are jointly administered." Is this abatement rule comprehensive enough—or too comprehensive?

Offers in compromise. This rule codified the department's policy on offers in compromise. It provided written guidance regarding the grounds for an offer in compromise and the procedures for submission, review and acceptance or rejection of an offer. Is the rule still suitable? Should additional conditions or procedures be added to make offers in compromise harder or easier to get?



SAVE THE DATE

PRESENTING THE

Gala & Premiere

117TH Annual Election Meeting AND Dinner

MAY
15
2014



NEW YORK
MARRIOTT MARQUIS

ENGAGE ★ HONOR ★ DEDICATE

5:30 Drinks + 6:30 Dinner & Awards

To RSVP, send an email to celebrate@nysscpa.org.

F&E offers primer on working with new nonprofit comp rules

BY CHRIS GAETANO
Trusted Professional Staff

It's been more than six months since Executive Order 38 (EO38), which changed how nonprofits can allocate certain resources, took effect, and for some organizations, grappling with the regulation has been a challenge.

But according to **David M. Rottkamp** and **Anita L. Pelletier**, there are best practices for navigating the new rules that may help to cut through the confusion. The two shared tips on becoming compliant with the order at the Foundation for Accounting Education's 36th Annual Nonprofit Conference on Jan. 16.

EO38 set caps on how much nonprofit organizations that receive funding from the state government can compensate their executives (directors, trustees, officers or key employees, as defined on Form 990) and spend on administrative costs. In general, if a nonprofit organization gets more than \$500,000 from the state government and at least 30 percent of their revenues over a two-year period, they cannot pay their executives more than \$199,000 a year, and can devote no more than 25 percent of their resources toward administrative expenses. While the regulation sounds simple, it can actually get rather complex, as suggested by its sheer length, said Rottkamp, chair of the NYSSCPA's Not-for-Profit Organizations Committee.

"It's 174 pages long, double-sided, so it's good reading material when you're on the beach somewhere in the Caribbean," he joked.

Not every type of nonprofit organization is included in the regulation. Pelletier noted that, for executive compensation, exemptions include government units, people who provide childcare services under social services law, and professionals who are partners or shareholders of S corporations that provide services individually, which leaves out some practitioners like physicians, she said.

According to Pelletier, there is the possibility that someone could occupy a dual capacity, seeming to both fit and not fit in the exempt category—for example, someone who is both a hospital's executive director and its director of nursing or clinical services. How would an organization go about negotiating this?

"You can allocate their salary between the two positions," she said. "So, if they spend 50 percent in administration and 50 percent in their capacity as nursing director, and they make \$300,000, [it would be] \$150,000 and \$150,000 ... they're under the cap."

Still, Rottkamp warned that, when executing such a split, organizations must pay particular attention to funding sources, specifically to how much comes from the state and how much comes from other sources, lest they draw the attention of government auditors.

"That allocation should be hand in hand with your general ledger and financials, as well as what goes on your cost reporting and contract reporting," he said.

Another exception to this executive order is if the cap would put compensation at less than the 75th percentile of comparable organizations, which can be determined through an approved compensation survey, Pelletier said. To determine whether an organization fits this exemption, she said that organizations can use an existing industry survey, or even commission their own. However, she cautioned that if an organization wants to create its own survey, it needs to include reasonably similar organizations from the same sector. The comparison organizations need to be the same size, in terms of revenue, assets and budgets; be in the same general physical location where services are rendered; and include similar executives, in order to be a true "apples to apples" comparison.

"If you've got a brand new executive working only a few years, you can't compare [his or her] salary to what a 20-year veteran is earning and receiving because that is not comparing comparable information," she said.

Reading the fine print

Pelletier emphasized that all of these exemptions will only apply if an organization uses nonstate funds to pay any compensation over \$199,000. Because these exemptions are so strict, she also stressed the importance of documenting as much as possible. If an organization is trying to justify an exemption, she said, there needs to be supporting documentation justifying that exemption.

"Don't just pull those contracts out of thin air, you really need to do due diligence and review whether an allocation is reasonable or not," she said.

Rottkamp said that, a lot of the time, compensation questions are decided during executive sessions at board meetings, where people seldom take any notes.

"You've got to reiterate to your clients that when you go into executive session someone *has* to maintain documentation of that conversation, of who was in the room, what the discussion points were, what materials were used and all deliberation points that went on," he said.

The administrative expenses provision of the executive order, similarly, has exemptions. Pelletier said that program expenses are exempt, though what is and is not a program expense can sometimes be a matter of judgment. For example, she elaborated, the salary and benefits of IT personnel might seem like they're connected to administrative functions, but at the same time, they can also provide support for program activities. Office supplies can have a similar ambiguity. Rottkamp said that legal expenses can also occupy a gray area, as it could mean working on program issues in addition to providing legal support for the administration. Much like with compensation, eligibility for exemptions starts with making sure resources are properly allocated and documented.

"You need documentation to include how you allocated it and why you allocated it," Pelletier, said.

Rottkamp added that there are some types of expenses that are exempted entirely from this rule, including capital expenses, property rentals, mortgage or maintenance, tax payments, equipment rental, depreciation of interest expenses, and salaries and benefits of research staff. Also excluded are "nonrecurring or unanticipated expenses greater than \$10,000."

"For example, if you have an unanticipated lawsuit and can't allocate it to program services, and if it's more than \$10,000 and not covered by insurance, you could exclude that from the calculation of limitation," Rottkamp said. "So, they did put a safety net there for organizations that have unanticipated expenses."

cgaetano@nysscpa.org

SPECIAL CONFERENCE COVERAGE



WHY WE'RE DIFFERENT.

We are North America's largest seller of accounting and tax practices because we understand the value of your firm, know how to market it and have thousands of buyers who want a practice. Therefore our brokers, with proven success in the industry, can bring this marketing and resource advantage to your own unique situation. We are different because we can produce the best results for YOU.

Give us a call today so that we can start working to remove your selling headache and to obtain the goal you desire.

1-888-847-1040

www.AccountingPracticeSales.com
Free Registration For Buyers

**ACCOUNTING
PRACTICE
SALES**
NORTH AMERICA'S LEADER IN PRACTICE SALES

When it comes to **social media**,
we're right there on the front lines.



Follow us on Twitter:
twitter.com/nysscpa



Connect with us on LinkedIn:
tinyurl.com/m5d3bfv



Join us on Facebook:
facebook.com/NYSSCPA

Pending FASB guidance raises questions about operations

BY CHRIS GAETANO
Trusted Professional Staff

As part of a wide-ranging effort to improve how nonprofits present their financial statements, the Financial Accounting Standards Board (FASB) has put forth a tentative definition of what counts as nonprofit operations—and, in the process, has raised new questions about how organizations should talk about their assets, speaker **Hilda H. Polanco** said at the Foundation for Accounting Education's 36th Annual Nonprofit Organizations Conference on Jan. 16. Polanco, the founder and managing director of a firm that advises nonprofits, led a session on strategies for reporting operating results, in anticipation of changes in guidance from the FASB. The board has been deliberating on adjustments to the nonprofit financial reporting model for the past several years.

What a nonprofit includes in its operating budget can have a significant impact on how assets are treated in the financial statement. With this in mind, Polanco said, the FASB tentatively agreed in May that an operating measure would be defined along two key dimensions: whether resources are from or directed at carrying out a not-for-profit organization's purpose for existence (mis-

sion-based), and whether these resources are available for the current period of operations, reflecting both external limitations and internal actions (availability). The definition, she said, could be incorporated into an eventual exposure draft on nonprofit accounting at the conclusion of the overall project or be a separate consideration.

However, while the definition itself might seem clear-cut, things can be more complicated than they sound, she noted. For example, she said that while certain organizations have very large endowments, only a fraction might be used for operations, and so the true size of the endowment might not immediately be apparent in the statement of activity. Furthermore, there is also the question of how much of the endowment is available for immediate use, since part of it could be tied up in investments that may take a while to become fully liquid.

Another issue, according to Polanco, is how income associated with a capital campaign will be treated.

"It remains an open question, in the new definition of operations—will there be an inclusion of assets created by the building from a capital campaign, or [will it be] a donation of assets being valued?" she said. "There's no real answer right now in terms of which they are going with it."

She posed, as an example, the scenario of a nonprofit receiving a building. Most organizations, she said, would simply recognize the entire building the year it goes into operation and depreciate its value over time. This, however, can lead to swings in the financial information, since the nonprofit is suddenly recognizing a huge asset. A less used option is to recognize the depreciation and income of the building over its lifetime, which has zero impact to operations; those taking this option, she said, are typically organizations that don't want an inflated change in their net assets this year.

Say the organization, instead, used fundraising to buy the building. If the capital campaign is just starting, she said, and the organization is collecting donations in the first year of it, the monies raised would not show as being available for operations, though they would when the building is ready to be used. However, she said, there would still be the question of what exactly happens to the bottom line in response.

"Would it impact [the] operation [budget's] bottom line? We don't know. If it's counted in the way most nonprofits do it today, then yes, it will affect operations, big time," she said. "If the guidance goes in the direction of [saying] revenue and expenses are the same, it wouldn't have an impact..."

This whole idea of connecting capital to operating is going to continue to be an important one."

Hopefully, she said, there will soon be some clarity on differentiating between capital and operating monies, especially considering that the recent trend in giving has been leaning more toward in-kind goods rather than cash donations.

Another area where it might not be so clear what does and does not fall under operations is reserve funds, though this could mainly be a function of the variability between how these funds could be managed, such as requiring repayment for funds drawn down, or requiring an interest payment. Also, she asked, what are the circumstances in which someone can consider these funds to be available to them?

"If the operating measure becomes the measure of success or evaluation, what are the areas in which we really want to be clear and make sure that the guidance is being straightforward and is not able to be easily manipulated?" she said. "We would want a guideline that really reflects what an organization intends to do and not necessarily what it thinks is a good thing in order to affect the operations [presentation]."

cgaetano@nysscpa.org

Small Business Owners?

Are you experiencing...

Workers' Compensation Penalties?

Department of Labor Examinations?

Unemployment Insurance Challenges?

Independent Contractor Difficulties?

Wages - Hours - Overtime Issues?

Arnold Standard represents you before the NYS Workers' Compensation Board and/or Department of Labor, to settle penalties which have been imposed against you --- for a fraction of the original amounts levied.

Our work also includes performing a review of the circumstances prior to lodging the appropriate appeal. Our objective is to achieve closure at the local level **WITHOUT** any referrals for other correction. Our initial consultation with you is conducted without any charge.

New York State is going back up to **SIX YEARS** & assessing major penalties for the above subjects. This happens when you have people classified as Independent Contractors & individuals have been treated as self-employed, or there has been a lapse in coverage.

Frequently, there are minimum wage and/or overtime considerations.

We manage the entire process for you from field audit through the appeal phase with the Department. Our record in this area is excellent, and there is no upfront cost, because we are only paid after we save you money.

Call Bob Arnold at 1-800-645-6800

55 Front Street, Rockville Centre, NY 11570

P: 516.678.3300 F: 516.678.1515

www.arnoldstandard.com



ARNOLD STANDARD COS.
COST CONTROL SERVICES

Speaker: Nonprofits must cover their bases under Revitalization Act

BY CHRIS GAETANO

Trusted Professional Staff

As the first major reform of not-for-profit corporation laws in 40 years, the Nonprofit Revitalization Act brings significant changes to how organizations are expected to operate within New York state, Michael J. Cooney, Esq., a member of the committee that helped to craft the legislation, said at the FAE's 36th Annual Nonprofit Conference.

The law, which cleared the Legislature last June and takes effect this July, will, among other changes, require that the boards of organizations with more than \$1 million in gross revenues perform active oversight over financial audits. (They would, for example, need to retain independent auditors and review the results of their audit.) It would also require that transactions between a nonprofit organization and insiders who stand to benefit from them be fully disclosed, and that nonprofit boards determine that these transactions are fair, reasonable and in the best interests of the organization.

Cooney, who served on New York Attorney General Eric Schneiderman's Leadership Committee to Revitalize Nonprofits, said that the law now clearly and specifically states how audit functions relate

to nonprofit boards and committees, whereas it had been somewhat ambiguous before. He also mentioned that these requirements are probably not that different from what many developed nonprofits are doing already.

"These requirements are not earth-shattering—they won't be such a shock to all of you," he said. "But the fact is, like so much of what gets written into law, you've got to make sure you're touching all the right bases."

He added that organizations must also be careful about whom they assign oversight of the audit function to, since the committee *needs* to be composed of members of the larger board itself. An organization cannot just say, "we've got Joe and Josephine who are great at audit, let's have them on!" That's a problem," he said. The committee needs the power to act on behalf of the board as a whole, which is why its members must be board members themselves.

Another change is that nonprofit organizations with 20 or more employees and an annual revenue over \$1 million must adopt specific whistleblower policies for reporting illegal or fraudulent activity, as well as a conflict of interest policy. The challenge for nonprofits, Cooney said, is that today it's not typical for many to have formal policies of any kind in place.

"How many have had the joy of talking to

a charitable entity and asking 'where is your policy book?' And someone looks at you like you're crazy and says... 'we don't even *use* the word policy in this office!" he said. "It's that difficult."

However, he impressed upon his audience the importance of making sure their nonprofit clients have a policy book in place that can be produced in the event of an audit.

"I ask you to raise these issues when

you're there with your clients, not because I understand you to be responsible for them... but there's a tremendous amount going on that impacts what you do," he said. "And from my perspective, the clients owe it to you to ensure [that] they've got their act together under this, so you can do the good work you do and be a help for them."

cgaetano@nysscpa.org

UPCOMING INDUSTRY COMMITTEE MEETINGS

Chief Financial Officers
Construction Contractors
Entertainment, Arts and Sports
Internal Audit
Investment Management
Private Equity and Venture Capital

Wed., Feb. 19
Thurs., Feb. 20
Wed., March 5
Tues., Feb. 11
Tues., Feb. 4
Tues., March 11

This is a partial listing, which is subject to change. For a complete and updated listing of meetings, visit www.nysscpa.org, click on "About Us," and choose "Committees" from the drop-down menu.

Interested in joining a committee?

Fill out an application online or contact Nereida Gomez, Manager of Committees and Administrative Services, at 212-719-8358 or ngomez@nysscpa.org, to find out more information.



The NYSSCPA's Social Network exchange

Your number one way to engage with fellow members

Exclusively for NYSSCPA members only, and organized by chapters and committees:

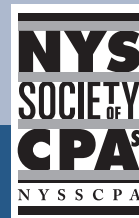
- Connect quickly and easily with your CPA member colleagues
- Engage in conversation on topics that interest you
- Share information, ideas, and resources
- Discuss chapter events, FAE events, committee matters, and more

Getting started is easy!

- Visit exchange.nysscpa.org
- Log in using the same login credentials you use for the main www.nysscpa.org website
- Click the "My Communities" link to view your communities

Check out what members are saying. Visit Exchange today!

exchange.nysscpa.org



PCAOB chief auditor calls for greater skepticism, better controls

BY CHRIS GAETANO
Trusted Professional Staff

During a presentation at the Foundation for Accounting Education's SEC Conference on Jan. 23, Martin Bauman, chief auditor and director of professional standards for the Public Company Accounting Oversight Board (PCAOB), expressed concern about what he described as a lack of professional skepticism and poor internal control audits.

According to Bauman, PCAOB inspectors have found that between 35 percent and 40 percent of audits lack sufficient evidence to properly back up the opinions they express. This, he said, is especially concerning, given that investors rely on the accuracy of financial statements to make decisions.

"One out of three is a very high failure rate," he said.

Problem areas that the board has detected include audits of fair value measurements, internal controls, revenue recognitions and management estimates. Bauman stressed that an audit failure does not necessarily mean that the financial statements are wrong, but simply that auditors had failed to gather sufficient evidence for their assertion of the soundness of the information therein. Nonetheless, he views this as a serious matter that speaks to problems within the culture of the audit profession itself. Too often, Bauman said, there are situations where auditors see contrary information and react by looking for evidence that supports management's assertion in the financial statements, rather than being skeptical and looking at other evidence that the information might not be fairly stated.

For Bauman, one of the factors behind this troubling lack of skepticism is the way that firms view themselves, which can send the wrong message to less experienced auditors. Many firms, he said, are too accommodating to audit clients, presenting themselves as the client's partner, there to help "solve complex business problems."

Such attitudes, he said, are a product of the current auditor payment model, where firms are paid by the very same entities that they are meant to objectively audit. Citing his own experience as a partner in an accounting firm, he said that certain clients are considered a "crown jewel" and partners don't want to be the one to lose the account for whatever reason.

"Academics say students get it when they leave school—they know they have to dig into things and find the right numbers," he said. "But they get to firms and too often hear, 'we need outstanding client service in this engagement.' It sounds like accommodating, being helpful."

He also addressed poor internal control audits, which he said were often a factor in audits that failed to pass PCAOB inspection. Board inspection reports are filled with cases where

the auditor failed to properly examine an entity's internal controls, which makes internal controls themselves less effective, he said.

"What [we've found] is that you rarely see an audit report a material weakness in internal control unless there is a restatement of financial statements and [they ask], 'what is the material weakness that led to that?'" he said. "Some think material weakness disclosure should be an early indicator of potential problems, but it's a lagging one, occurring after the restatement has occurred. So, this is an area where auditors need improvement."

Tackling hot topics

Bauman also took on several hot-button issues in the audit world, including the recent PCAOB proposal for changes to the standard audit report, which would expand the information and disclosures required in order to better aid investors looking for additional information. Among other things, the proposal would require the communication of critical audit matters, and would expand the scope of the audit to include other information outside the financial statement itself.

Bauman stressed that the board is not going to rush into making any final decision, and noted that, as much as it seems like the proposal would add additional information to the normally parsimonious audit report, investors had actually been clamoring for even more than what the board ultimately proposed. Moreover, the auditor, he said, is not going to have to start talking about the financial statements and analyzing them in any fashion. Instead, Bauman said, "we've asked

the auditor to stick to what the auditor does. It's about the audit: What areas were the most challenging as part of your audit?"

"So if there's information in there about new drugs the company is going to produce and the auditor has done no work to understand the efficacy of those products, the auditor's responsibility is not to suddenly start studying that," he said. "There is no expansion of the auditor's scope of doing additional work on the other information, simply reading and evaluating that based on what the auditor has learned while auditing the financial statements."

For example, if an auditor finds that a company's market share is declining, but the company says in its other information that its market share is increasing—which Bauman said would be market-moving information—the auditor would discuss this with management to get them to change this material misstatement of fact. If they don't, the auditor would be required to say in the report that they became aware of this misstatement.

The NYSSCPA, in a comment letter published Dec. 10, came out strongly against the PCAOB's proposal. It argued that, because auditing is a complex, professional discipline that takes years of education and experience, it was skeptical that financial statement users would get anything meaningful from critical details of the audit itself. Moreover, it said that there is little persuasive evidence that users would actually find the expanded report helpful or would rely on it in making or recommending investment decisions.

The Society also felt that the PCAOB proposal goes too far with regard to the au-

ditor's responsibility for other information outside the audit report. The auditor, the Society said, should read the other information in the context of understanding the entity, its environment, activities and financial condition, and could certainly consider whether there may be a material inconsistency or misstatement of fact. This, however is a far cry from the PCAOB's call for the auditor to evaluate that information, which the Society felt implies a more in-depth level of analysis than should be required.

During the presentation, Bauman also responded to a concern that the proposal could erode the function of audit committees, which typically lead the discussion about audit findings. Bauman, though, noted that the purpose of the project is to make the audit report more useful, adding that investors "want to know more about the financial statements, more about the audit, the auditor's view."

"The profession has heard their product is not useful to investors, and it's time to put out a product the investors will find useful," he added.

Stressing the slow, deliberate path the PCAOB is taking with this proposal, though, Bauman said that there is no date for when the board is expected to release a final draft. The PCAOB, he said, will continue to hold hearings, roundtables and other outreach events in order to hear from all constituencies and to debate the proposal.

"We want to change it, but we want to get it right," he said.

cgaetano@nysscpa.org

Do you read the NYSSCPA's

TAX StringerSM

An NYSSCPA publication for tax pros written by tax pros.

On the first of each month, top CPAs, attorneys and other professionals write about the latest and most important tax developments for the members of the NYSSCPA in The Tax Stringer, the NYSSCPA's electronic tax newsletter. From the tax implications of the ACA, to the recent controversy over the MCTMT, to special New York rules for flow-through entities, The Tax Stringer covers it all.

To sign up for this free members-only publication, go to:

highroadsolution.com/nysscpa_preference_center/EmailSearch.aspx

Then type in your email.

You will see a list of NYSSCPA publications. Just check The Tax Stringer — and any other NYSSCPA publications you'd like to receive — and The Tax Stringer will arrive in your in-box starting with the next issue.

Practice continuation for small firms: an action plan

BY SUZANNE M. HOLL, CPA

Though no one likes to think about it, there may be times in a CPA's professional life when he or she is called away from business for long stretches. As baby boomers, Generation Xers and other demographics continue to age, some of us will become critically ill or experience a long-term disability that may take several months—or years—to recover from. Even if poor health isn't a factor, other concerns, such as family emergencies or unexpected personal obligations, can keep a CPA on the sidelines.

What would happen to your clients if you experienced such a scenario? When a client needs attestation services to obtain financing or satisfy loan covenants, or must have a tax return prepared by a certain deadline, who would complete the work?

Several risk exposures, including possible damage to a client's business and the poten-

Here are some basic tips from these and other sources on how to get a plan started:

1. Create a checklist of important resources and phone numbers, such as your professional liability insurance carrier, state board of accountancy and appropriate contacts at the NYSSCPA, including the Society's tech hotline. Other important resources may include your office building manager, computer technical help, telephone service and other utilities.

2. Assemble a set of practice and operating documents. These documents can be divided into sections, such as—

- a profile of the proprietorship, including types of services offered, names of key employees, location of accounting records, bank account information and the location of contracts and lease agreements;
- a client list, including key contacts, services provided and important deadlines (this

ment disability or death.

- A group agreement, in which several CPAs may act as successors/partners to each other's firms. CPA firm alliances or associations generally serve this purpose, as well as others.

- A CPA society or group that will assist the member, spouse or heirs in finding a successor/partner.

A variety of elements can be addressed in a practice continuation agreement, providing for a number of conditions and terms. It's prudent to consult with an attorney when drafting a formal agreement or contract. A formal agreement can—

- define the circumstances under which assistance will be triggered (e.g., long-term or permanent disability, or leave of absence);
- specify a temporary time frame. If the agreement addresses temporary disability vs. permanent disability, definitions of the covered disabilities under the agreement should be included. Other applicable provisions,

nity groups that you may belong to. In some regions, there are active alliances among the local CPA firms—whether formal or informal—that can help facilitate practice continuation planning.

For instance, some CPA sole practitioner groups will regularly meet to discuss their businesses and get to know each other. Other groups work together over a period of many years, enabling members to develop a high level of trust with each other and with their firms' employees, in case one of the CPAs needs to temporarily take over for another. And a few groups even strategize business plans for the next 5 or 10 years, asking each other what they can do to make things better for their clients and themselves. In the event of a long-term disability or death, the members can act as agents for the other's business and help spouses negotiate what to do with the practice. The planning process can also address retirements, exit strategies, buy-sell agreements and firm succession, in case CPAs need to leave their practice altogether for health or other reasons.

5. Implement the plan. Contact your attorney to draft any agreements required by the plan. Discuss the plan with your spouse and successor/partner. Communicate in writing the instructions for all parties, and set up dates for annual reviews of the plan.

The worst time to craft notifications to clients is during a crisis. Prepare template notifications to clients and referral sources ahead of time. There's a chance that the CPA being replaced will not be available for guidance during a crisis, so the CPA who is stepping in should be well apprised of as much information as possible.

Major goals for practice continuation planning include avoiding losses of clients, keeping them happy and allaying their fears about changes in service and operations. An organized transition that is well communicated to clients is a big step toward attaining those goals.

Suzanne M. Holl, CPA, is vice president of loss prevention services with CAMICO (www.camico.com).

“Several risk exposures, including possible damage to a client's business and the potentially negative effects of missed opportunities, come into play when a CPA is unable to work, but has not made arrangements for a suitable replacement.”

tially negative effects of missed opportunities, come into play when a CPA is unable to work, but has not made arrangements for a suitable replacement. Indeed, those CPAs who have not taken the time to develop a continuation plan may be 1) inviting future lawsuits against themselves or their estates and 2) leaving their spouses, families and heirs with the daunting task of trying to figure out what to do.

Fortunately, if you don't already have a contingency plan in place, there are actions you can take this very minute to get one under way. Just taking the first steps in the planning process will go a long way toward facilitating the continuation of your practice, making sure that clients are taken care of and preserving the value of the practice.

CPAs interested in detailed guidance for developing practice continuation plans may want to consult *Practice Continuation Agreements: A Practice Survival Kit*, Second Edition, by John A. Eads, CPA (AICPA, 1992). Additional articles on the topic are also available online, such as the *Journal of Accountancy's* “Who Would Run Your Firm?” by Joel Sinkin and Ira Rosenbloom (February 2011), and Loanna Overcash's “CPAs Share Continuation Strategies” (February 2011).

will need to be much more detailed if you are interested in negotiating a buy/sell agreement as part of a contingency plan);

- procedures used to monitor work in progress (this will enable others to determine the status of uncompleted work);
- a guide to using the firm's computers;
- the location of workpapers;
- a description of the filing system;
- office procedures for handling the receipt and return of client information;
- billing schedules and collection policies;
- procedures for identifying and paying accounts payable; and
- the location of personnel files.

3. Decide on a continuation arrangement/agreement. There are three basic types:

- A one-to-one agreement with a local CPA firm that you have identified as a good fit/culture for your firm. The agreement established between the firms should cover the critical areas that are necessary to ensure a smooth transition (both short-term and long-term), if it becomes necessary. The agreement usually has a buy-sell component, with a clear formula for calculating the sales price of the firm, along with payment period and terms in the event of the CPA's perma-

including client transition requirements, should also be addressed, in the event that a permanent replacement of the CPA who is unable to work is required. Keep in mind, though, that people can be disabled for several months and still make a return to full-time work. Therefore, you might want to consider also including a buyback provision in the agreement;

- specify responsibilities to be performed by the assisting party, including financial terms or compensation for assistance, and provisions for billing, collection, record retention, confidentiality, and noncompete and restrictive covenants.

4. Identify, approach and partner with a suitable firm(s). Practices that have certain niches or specialties will need a potential replacement CPA to have similar competencies, which may include special licenses. Another factor is whether the replacement CPA will be able to dedicate enough time to perform the role that the absent CPA performed.

To identify the most suitable replacement possible, network among possible sources of referrals, including fellow committee or chapter members here at the NYSSCPA, as well as bankers, attorneys and other commu-

For information on the Camico program, call Camico directly at 800-652-1772, or contact:
(Upstate) Reggie DeJean, Lawley Service, Inc., 716-849-8618, and
(Downstate) Dan Hudson, Chesapeake Professional Liability Brokers, Inc., 410-757-1932.

Back to basics in IT risk assessment

BY YIGAL RECHTMAN, CPA

Information technology has taken a starring role in the risk assessment process that accompanies the planning, execution and conclusion of the audit, now that the capturing, processing, storing and reporting of information have become almost exclusively computerized. Given how central its use is, it's always a good idea to review the basics and understand just what the audit standards say with respect to IT.

Fortunately, the requirements for auditors, as detailed in Statement on Auditing Standards (SAS) 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, are very clear. According to the SAS, "the use of IT also affects the fundamental manner in which transactions are initiated, authorized, recorded, processed, and reported." Accordingly, auditors are required to comply with SAS 109's basic premise: "The auditor *must* obtain a sufficient understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures."

What SAS 109 says

to auditors is that by reviewing these areas of risk, they can produce a higher quality audit, defend their audit process and provide additional value to clients in the form of recommendations and support, not only during the audit, but throughout the year.

What does IT control?

Just as there are manual controls—those tasks and checks-and-balances that are performed by people (e.g., bank reconciliation), there are automatic controls that are preprogrammed and performed by machines (e.g., allocating expenses between departments). In its widest scope, there are two types of IT controls: processing controls and general controls. An example of a processing control could be that the allocation of expenses between departments is always equal to 100 percent of the allocable basis. Having such a control may sound like common sense, but if a program has an error in it, the result could be that the total allocated to all departments is something other than 100 percent, which means that at the end of the day, the financial reporting would be erroneous.

General controls, on the other hand, are what makes the whole IT environment work. The auditor, in evaluating general controls, would be interested in several areas. Chief among these areas are the *availability* of the IT environment and *access controls*. The availability risk is the risk that the information

would not be available. This may be trivial for some clients but, for others, it could result in severe consequences. For example, if the previous year's or legacy systems' data are not available for inspection by a regulatory agency, there could be consequences for the company. The auditors are typically even more interested in the general controls of *access*. Access controls determine whether a solid segregation of duties is maintained within the IT environment. So for example, even if 10 people are situated in 10 offices throughout the United States, if their access controls are not properly configured, an auditor should be able to evaluate that the level of segregation of duties is diminished, increasing the control risk.

Other general controls include hardware maintenance, operating system updating, network and middleware configuration, software development change control, business continuity and disaster recovery planning, physical controls, and training and human monitoring.

Auditors, in compliance with SAS 109, should recognize that the risk assessment of

the IT environment is critical for the overall risk assessment process. A properly designed IT environment could give the coveted "comfort" to

auditors that the client is running a tight ship. Of course, only testing these controls could actually enable the auditor to reduce control risk—and these tests are becoming more commonplace, in part because auditors are maturing in their understanding of these systems, and in part because the tests are relatively easy to implement.

Delivering value

Beyond the compliance with Generally Accepted Auditing Standards, auditors are also in an excellent position to deliver the good and bad news about the design of the IT environment. At times, there are weak points that could be strengthened, and the person who knows how to deliver this news to the client now becomes a trusted and valuable adviser. Auditors, who completed a deep analysis of their clients' IT environment, are in an excellent position to provide such feedback and, at times, may be required to do so. For example, if a client's firewall is so poorly designed that it imposes an immediate risk to the client's database of customers and their banking information, the auditor should inform the client right away, and further, issue a comment as required by SAS 115 for a control deficiency, significant deficiency or a material weakness (the discussion of SAS 115 is beyond the scope of this article).

At the end of the day, a back-to-basics

The Technology Assurance Committee will present a CPE session entitled "Back-to-Basics in IT Risk Assessment" on Feb. 21. For more information, visit nysscpa.org

Who
is looking out for the Accounting Profession in Albany?

Who
is making sure your firm's future is protected from harmful legislation or regulations?



THE NEW YORK CPA POLITICAL ACTION COMMITTEE

More than 500 CPAs have already pledged their support to the New York CPA Political Action Committee this year. By supporting candidates that support the profession, the New York CPA PAC helps ensure there are people in Albany willing to protect your hard-earned license and the future of your business.

To find out more about the CPA PAC or to make an online donation, visit:
nysscpa.org/page/government-affairs/cpa-pac



approach when it comes to the risk assessment in the information technologies environment could result in more efficient audits, more compliant audits and more valuable advice to clients.

Yigal Rechtman, CPA, CFE, CITP, CISM, is the Senior Manager for Forensics and Litigation at Grassi & Company. He is a past chair of the NYSSCPA's Technology Assurance Committee.



CHAPTER NEWS

www.trustedprofessional.com | The Trusted Professional | February 2014

Manhattan/Bronx takes closer look at financial forensics

BY CHRIS GAETANO
Trusted Professional Staff

With its new continuing professional education (CPE) series on financial forensics, the Manhattan/Bronx Chapter has something for everyone interested in the specialization, whether you're a young CPA investigating potential career moves, or a seasoned forensic accountant looking for a refresher course.

The series, initiated and organized by the chapter's Past President **Roman Matatov** examines forensic accounting—the use of the CPA's financial skills and

acumen for investigative purposes—from a wide variety of angles, in order to highlight the diversity of this growing field. The chapter held its first session, an introductory overview, this past October. A second session on Jan. 9 focused on the different services that someone trained in financial forensics can offer.

The next event in the series will be held on Feb. 26 and will focus on the industry side of forensic accounting, followed by another session on April 23 focused on practice management. And the final session, scheduled for May 21, will give an outlook on the current state of the practice area and discuss where the field is headed

in the future, so people who are looking to specialize in it will know what to expect. (See page 20 for session course codes, times and locations.)

"I wanted everyone to get a sense of what this is all about," said Matatov, who himself specializes in forensic accounting and serves as moderator for each of the sessions.

"... We all know about auditing and about taxation ... I wanted to highlight even further that there are a number of services that a practitioner may specialize in."

Current Manhattan/Bronx Chapter President **Barbara A. Marino** said that members last year had expressed a great deal of interest in forensic accounting and

wanted more detail than could be covered in just one class.

"We used the 'series' concept several times before with other topics, and it has always been well received by our members, so we decided to try it with this topic," she said, adding that the panelists Matatov has lined up are "top notch" in the forensic field.

Matatov emphasized that the series provides several different points of view. "I think anyone that attends any one of these sessions will feel satisfied," he said. "It's the kind of thing where someone could pop in at any session and get value out of it."

cgaetano@nysscpa.org

Buffalo Chapter co-hosts CPE session, announces scholarship winners

BY PATRICIA A. MCGRATH
Buffalo Chapter President

We would like to thank **Christine A. Learman** and her Small MAP Committee for organizing the annual IRS/New York State update session on Jan. 7. It is difficult to believe that all of the new tax regulations can be communicated in a

half-day seminar, but somehow it happens. Thanks again!

The Risk Management Association (RMA) and the Buffalo Chapter co-sponsored a CPE/Networking session on the AICPA's New Reporting Framework on Jan. 16 at Soho Burger Bar in Buffalo. The CPE session was led by **Stephen T. LoVullo** and **Christopher S. Ruminski**. Thank you, **Paul E. Kiel** and our friends at

the RMA, for coordinating this event in the middle of January.

Susan B. Anders of St. Bonaventure University is looking for CPAs with tax experience to help review returns prepared by accounting students. If you are located in the Southern Tier of Western New York, or enjoy driving down to Olean in the winter, please consider this volunteer opportunity. The Volunteer Income Tax Assistance program (VITA) puts the "fun" in fundamentals! Please contact Susan at sanders@sbu.edu for more information.



PATRICIA A. MCGRATH
Buffalo Chapter President

We are pleased to announce that the following Western New York students have won an FAE Excellence in Accounting Scholarship, which is funded by the NYSSCPA, the Buffalo Chapter and the Career Opportunities in the Accounting Profession (COAP) program:

Lindsay Glassman, Canisius College (NYSSCPA); Jacob Jeziorowski, Canisius College (NYSSCPA); Brian Almendinger, Canisius College (Buffalo Chapter); Elizabet Stefanova, Canisius College (Buffalo Chapter); Kevin Smeader Jr., Daemen College (NYSSCPA); Shaun Snyder, Daemen College (NYSSCPA); Jason Cutler, Niagara University (NYSSCPA); Natalie Wisniewski, Niagara University (NYSSCPA); James Tantalo,

St. Bonaventure University (NYSSCPA); Jenna Torella, St. Bonaventure University (NYSSCPA); Richard Burlett III, SUNY Fredonia (NYSSCPA); Amilyn Corliss, University at Buffalo (Buffalo Chapter); Sergio Gangarossa, University at Buffalo (Buffalo Chapter); Luwei Jiang, University at Buffalo (NYSSCPA); Joshua Seward, University at Buffalo (NYSSCPA); Yusef Burgos, University of Buffalo (COAP); Joseph Fahey, Canisius College (COAP); Nicole Gangloff, Canisius College (COAP).

The continued success of our profession rests on these and other accounting students. Our chapter is especially proud to fund four of this year's scholarship winners. Congratulations to all four! These students will be honored at the Education Night at Salvatore's Italian Gardens in Depew on April 22.

Finally, on behalf of all of the members of the Buffalo Chapter, we would like to extend our sincere congratulations to the State Society on the opening of its new offices on Wall Street. We can't wait to visit when the snow melts in May.

Happy busy season to us all!

pmcgrath@tsacpa.com

Southern Tier YCPAs give back with food drive

The Southern Tier Young CPAs Committee recently held two food drives to support the Community Hunger Outreach Warehouse (CHOW) in conjunction with two Chapter events. We set up a collection bin and a donation can at the Annual Ethics Session and Officer Visitation held Oct. 10 and at the Southern Tier Tax Conference held Oct. 25. All told, we collected more than \$125 and 100 pounds of food. This contribution was greatly appreciated by the staff at CHOW. We hope to continue to work with them in the future. Thank you to all who donated! For more information on CHOW, visit broomecouncil.net/CHOW/home.html

—*Marisa Colonna-Garrow*
Member, Southern Tier Young CPAs Committee
mcolonna@pnlcpa.com

Call for nominations to serve on the Manhattan/Bronx Chapter Board

BY BARBARA A. MARINO

Manhattan/Bronx Chapter President

If you are interested in serving on the Manhattan/Bronx Chapter Board of Directors, starting June 1, 2014, please read the Call for Nominations letter below, prepared by the chapter's Nominating Committee, and express your interest by Feb. 21.

Nominations for Manhattan/Bronx Chapter Officers and Directors—2014/15

Dear Members:

There are several officer/board openings due to expiring terms of current members. Officer terms are for a one-year period and director terms are for two years. All terms become effective at the beginning of

the chapter's new fiscal year, which starts on June 1, 2014.

The Manhattan/Bronx Chapter Nominating Committee invites chapter members to submit names (you can submit your own name) for officers (vice president, treasurer and secretary) and directors.

Please submit your nomination(s) as soon as possible, but no later than Friday, Feb. 21, and indicate Board Position in the subject area. All nominees must be in compliance with CPA licensing rules and membership requirements. Nominations, along with a brief professional background or biography, should be sent to **Sherif Sakr** at ssakr@deloitte.com.

Becoming an officer/director of the chapter board is an important contribution to the

profession. It provides numerous opportunities to lead the chapter and drive the strategy and execution of its many initiatives, while allowing you to enhance your own professional network, leadership skills and career goals.

What is required of a board member?

- A board member must attend board meetings in person or via conference call. There are approximately 10 board meetings per year.
- A board member must participate and attend, where possible, CPE seminars, social, professional and charitable events sponsored by the chapter, as well as identify and coordinate chapter events.

Information on the chapter's activities

can be found on the Society's web site at www.nysscpa.org (select About Us, Chapters, Manhattan/Bronx) or on our Facebook page at <https://www.facebook.com/?sk=welcome#!/ManhattanBronxChapter>.

If you have any questions, please feel free to contact any member of the Nominating Committee:

Sherif Sakr, Chair
(ssakr@deloitte.com)

Maya C. Khan
(mkhan@recp.com)

Todd K. Ichihara
(ichiharat@coned.com)

bmarino@thebackettgroup.com



BARBARA A. MARINO
Man/Bronx Chapter President

Westchester Chapter sheds light on college planning process

BY GINA LINSS

Westchester Chapter President

It's that time of year again, when we need to take some time for ourselves, sit back and reflect on all that we've accomplished and finalize our plans to meet our goals for the year ahead.

On Feb. 11, the Westchester Chapter will be hosting its annual college planning event, presented by college planning and consulting expert **Gary E. Carpenter**, at Mercy College in Dobbs Ferry. Gary is the owner of College Planning Services and will speak on various topics relating to the college planning process, including the admissions process, the costs of attending college, the financial aid

White Plains. We are looking for volunteers to answer phone in and web chat questions. This is a wonderful way to provide community service and to get publicity for our profession. We need your assistance in helping our county residents with any tax questions they may have. Volunteers will be asked to participate in two-hour time slots:

White Plains. We are looking for volunteers to answer phone in and web chat questions. This is a wonderful way to provide community service and to get publicity for our profession. We need your assistance in helping our county residents with any tax questions they may have. Volunteers will be asked to participate in two-hour time slots:

- 10:00 a.m. -12:00 p.m.
- 12:00 p.m. -2:00 p.m.

If you are interested in participating, please respond to Robert Winton by email at rwinton@citrincooperman.com or by phone at 914-949-2990 ext. 3326. Make sure that you

helpful to refer to when answering questions.

Lastly, the Westchester Chapter, along with Wiley CPA Exam Review, will be hosting a CPA Examination Overview seminar. This event will be held at the end of April. Again, please be sure to check the Westchester Chapter's page on www.nysscpa.org for registration details.



GINA LINSS
Westchester Chapter President

On Dec. 13, members of the Young CPA Committee donated their time by volunteering at

the Food Bank of Westchester in Elmsford. Twenty-two participating young CPAs represented local accounting firms including Citrin Cooperman, Pellegrino & Company, Marks Paneth & Shron LLP, and Rosen Seymour Shapss Martin & Company LLP, among others. The volunteers packed 291 knapsacks of food to be sent home with local school children for the long holiday weekend. The volunteers also packed bags of apples to be sent out on a mobile food pantry to Yonkers. I would like to thank all of the volunteers and their firms for their time and personal commitment. This charitable event also offered team-building activities, which boosted the Young CPA Committee's spirit and unity while helping the less fortunate members of our community.

Please save the dates for the following events:

• **Feb. 11**—Annual College Planning event, Mercy College, Dobbs Ferry

• **May 13**—Annual Golf Outing and Networking event, Glen Arbor Golf Club, Bedford Hills

• **May 15**—Young CPA Wine Tasting event

glins@citrincooperman.com



Westchester Chapter Young CPA Committee members donated their time by volunteering at the Food Bank of Westchester, in Elmsford.

process, student loans, educational tax benefits, 529 college savings plans and scholarships and awards. A question-and-answer discussion will follow the presentation. I would like to stress that, as one of the

business-related fields.

The Westchester Chapter, in cooperation with *The Journal News*, will host its annual tax hotline on March 1, 2014 at *The Journal News* offices at 1133 Westchester Ave,

include your name, address and telephone number along with what time slot you are interested in. We will contact you with more details. We will also let you know what materials to bring that past volunteers found

CHAPTER EVENTS AND CPE

MANHATTAN/BRONX.....

Financial Forensics Series: 3. Industry Focus

When: Feb. 26, 6–8 p.m. (5:30 p.m. check-in)
Where: FAE Learning Center, 14 Wall Street
Cost: \$20 members; \$30 nonmembers; \$40 walk-ins
CPE: 2 (specialized knowledge and applications)
Course Code: 29155412 (in-person); 29155413 (teleconference)
Contact: Shan Hicks at shan.hicks@shancpa.com

Financial Forensics Series: 4. Practice Management Focus

When: April 23, 6–8 p.m.; (5:30 p.m. check-in)
Where: FAE Learning Center, 14 Wall Street
Cost: \$20 members; \$30 nonmembers; \$40 walk-ins
CPE: (pending)
Course Code: (pending)
Contact: Roman Matatov at romanmatatov@yahoo.com

Financial Forensics Series: 5. Capstone Event

When: May 21, 6–8 p.m. (5:30 p.m. check-in)
Where: FAE Learning Center, 14 Wall Street
Cost: \$20 members; \$30 nonmembers; \$40 walk-ins
CPE: (pending)
Course Code: (pending)
Contact: Roman Matatov at romanmatatov@yahoo.com

NASSAU.....

Family Financial Literacy Fair

When: May 3, 10 a.m.
Where: YES Community Counseling Center, Commerce Plaza, Massapequa
Course Code: 45030413
Contact: Karen Tenenbaum at ktenenbaum@litaxattorney.com

Nassau Chapter's 61st Annual Installation Dinner

When: May 8, 6:30 p.m.
Where: Crest Hollow Country Club, Woodbury
Course Code: 45030414
Contact: Ashley Flynn at aflynn@cbmslaw.com

QUEENS/BROOKLYN.....

Leaving the Closely Held Business

When: Feb. 13, 6–9 p.m.
Where: St. John's University, Bent Hall, Room 227B, 8000 Utopia Parkway, Jamaica
Cost: Free
CPE: 3 (taxation)

Course Code: 29166404
Contact: Stephen Freilich (516-887-8549)

ROCHESTER.....

Outstanding Accounting Student Award Night

When: April 24, 5:15-6:15 p.m. (cash bar and reception); 6:15–8:30 p.m. (dinner and guest speaker Tim Hungerford, Owner, Hungerford Vinton LLC)
Where: Irondequoit Country Club, 4045 East Ave.
Cost: \$35 per person
Course Code: 45050407
Contact: Phyllis Bloom at pbloom7@naz.edu

SUFFOLK.....

The Theory and Calculation of Economic Damages

When: May 13, 6–9 p.m.
Where: Baker Tilly Virchow Krause, LLP, 125 Baylis Road, Melville
CPE: 2 (specialized knowledge and applications)
Course Code: 29085421
Cost: \$40 per person
Contact: Amanda Sexton at asexton@avz.com or 631-434-9500

WESTCHESTER.....

Westchester Chapter's Annual College Planning Event

When: Feb. 11, 6:15–9 p.m.
Where: Mercy College, 555 Broadway, Dobbs Ferry Victory Hall (School of Business, wing of building) Trading Floor Instructional Facility (outside of room/suite 100)
Cost: Free
Course Code: 45110406
Contact: Patricia Galistinos at pgalistinos@citricooperman.com or Denise Stefano at dstefano@mercy.edu

Annual Golf Outing and Networking Event

When: May 13
Where: Glen Arbor Golf Club, 234 Bedford Center Road, Bedford Hills
Contact: Jeff Schwartz at jeff@stantonandleone.com
Check the website for pricing.

Young CPA Wine Tasting Event

When: May 15
Where: Willow Ridge Country Club, 123 North St., Harrison
Contact: Heather Oboda at hoboda@citricooperman.com



FOUNDATION FOR ACCOUNTING EDUCATION
FAE
 AN AFFILIATE OF
NYSSCPA

FAE 2014 CPE

Save on 2014 CPE!

Wide Choice of Events—Choose from Hundreds of FAE VP-Eligible Seminars, Webcasts & Conferences

FAE Value Pass Program

Savings for You—up to 32%

With the FAE Value Pass (FAE VP) Program, you can fulfill your education requirements in a convenient and easy way, while saving on 24 or 40 hours of quality CPE from FAE.

Individual FAE VP	FAE VP Price
Individual FAE VP24 (24 CPE Hours)	\$820
Individual FAE VP40 (40 CPE Hours)	\$1,295

Savings for Your Firm—up to 39%

With the Firm/Company FAE VP, your firm receives access to up to 40 or 80 hours of CPE for anyone on your staff.

Firm/Company FAE VP	FAE VP Price
Firm/Company FAE VP40 (40 CPE Hours)	\$1,595
Firm/Company FAE VP80 (80 CPE Hours)	\$3,095



FAE VP

**Look for this FAE VP icon that identifies eligible events.*

Plan Ahead and Save!

Save on your CPE for 2014!
 Visit www.nysscpa.org/FAEVP or call **800-537-3635**

For more Chapter News, visit
www.TrustedProfessional.com

How do you stay sane during the busy season?



Amy B. Caraher, Syracuse Chapter

Although I work full time, I have a flexible work arrangement at my current firm, which allows me to have a better work-life balance than some. With that said, I have plenty of busy season experience, which allows me to share some pointers on remaining sane during this trying time.

One is to stay organized—I believe that's crucial during busy season. I happen to be an individual who thrives on organization both at work and at home: I make lists for everything and I have an incredible support network at home that allows me to keep things running like a well-oiled machine. This also allows me to focus on what needs to be accomplished when I am in the office.

Another thing is to avoid procrastinating. I am not a procrastinator. I like things done well in advance of deadlines. While it requires the cooperation of both clients and my tax team to get the work through the door on time, I would like to say that I am persistent, so this does not become an issue, in most cases.

Finally, remember to treat yourself and have fun. Keeping yourself—and others around you—happy during busy season can also help you to remain sane. I like to treat myself when I find the strain of tax season getting me down. Whether it is a quick trip to the mall or a special treat to eat, I like to find something to brighten my day when times are rough. We also have a great group in the tax department at my firm. We work well together and support each other. I can honestly say that I enjoy coming to work every day.

Good luck to everyone as we gear up for busy season!

caraher@fcc-cpa.com



Jason T. Giordano, Mid Hudson Chapter

Many times, our year-end is as insane as tax season. While this means that there isn't one but two intense periods at work a year, it also means that I'm more prepared for the long road ahead. In both cases, I find it helpful to take it one week at a time, focusing on my next handhold, instead of looking up at the entire mountain. I also make it a point to stay hydrated and well fed. At the same time, I do my best to stick with my exercise routine, as well as other routines that help me maintain my sanity.

There's also preparation to make sure that the busy season isn't as busy as it might have been if you hadn't planned. Meeting with clients throughout the year and making sure they are organized, for example, can lighten your workload during the busy season. Our firm worked hard in the off-season preparing our internal process, so that we were ready for the busy season. We recently made changes to our computer system, as well as our overall processing procedures, but we made sure that they ran efficiently in the months leading up to the season so that we weren't hit with unexpected problems.

Finally, the support of a good staff and my fellow partners makes the season easier to handle. When you're around good people, even a stressful job may not be so bad.

jgiordano@jgspc.com



Iola Damante, Nassau Chapter

You have to prepare. Think of it as if there's a storm blowing in off the coast and you have to get ready: Board up the windows, stock up on supplies and get some candles out. When it comes to busy season, you prepare professionally through things like taking seminars and keeping up with new legislation and regulations so that you know what to expect and don't get any surprises.

Equally important, though, is making sure to take some time for yourself, if your workload allows it. When I'm feeling like the walls are closing in, I take walks outside for a bit. Others may go to the gym or go out to eat. A quick change of scenery can definitely help your day; while it won't shorten it, it will help you get through it better.

Of course, another thing to do is just power through it. When you're at the height of the busy season and returns are moving all around you, for some, the only thing that gets you through it all is to forge ahead, knowing that soon it will all be over and, soon, you'll be able to relax. Keep your eyes on the prize and know that there is a light at the end of that tunnel.

Finally, your co-workers can be a great help too. They know what you're going through (they're going through it too), and it can be great to joke or laugh for a bit, even if, sometimes, our work is really focused and needs concentration. A little levity can really help, under the right circumstances.

campit1@aol.com



JohnPaul Crocenzi, Nassau Chapter

Tax season is always a very stressful time of the year, but after almost 15 years in practice, I've learned how to make clients happy and lived to tell about it.

In general, coming in early can be great. I am an early riser and I try to get in the office as early as possible to read professional publications or tackle a difficult project. You'd be surprised at how much can be done in those couple of hours before everyone else gets in. I also make sure my to-do list is up-to-date and prioritized before I leave the office in the evening, so that I have a clear picture of what I need to accomplish the next day.

As tax season progresses, I try to keep my desk and office organized and uncluttered. The time spent searching for documents that are buried under piles of paper and file folders is wasted and stressful, and it cannot be billed to clients. To stay sane, I take time for myself, even if I can only fit in a few minutes. Taking a short walk, especially outdoors, is perfect. Time away from my desk recharges my batteries so that I can remain focused for the rest of the day.

jcrocenzi@rem-co.com

CCR

CONSTRUCTION COST RECOVERY

Engineering Services for Tax, Legal
and Accounting Professionals

Value Added Solutions

- Construction Cost Auditing
- Cost Segregation
- Estate Tax Valuation Services
- Expert Witness Testimony
- §179D Energy Efficiency Deduction

Call Mark de Stefanis, CCA, SCSP, at
(914) 740-1995 to discuss money saving
solutions for you and your client.

To Learn More Visit: www.ccrtaxaudit.com

CLASSIFIEDS

Professional Opportunities | Space for Rent | Situations Wanted | Peer Review Services
Professional Conduct Expert | Business Services | Business Opportunities | Tax Consultancy | Legal Services

PROFESSIONAL OPPORTUNITIES

Rotenberg Meril, Bergen County's largest independent accounting firm, wants to expand its New York City practice and is seeking merger/acquisition opportunities in Manhattan. Ideally, we would be interested in a high quality audit and tax practice, including clients in the financial services sector, such as broker dealers, private equity and hedge funds. An SEC audit practice would be a plus. Contact Larry Meril at lmeril@rmsbg.com, 201-487-8383, to further discuss the possibilities.

Well Established Diversified Atlantic Co. NJ CPA Practice For Sale or Potential Merger. Grossing 1.8 Mil.
Reply To: RichCPA0515@gmail.com.

Lower Westchester CPA wants to associate with young CPA or small CPA firm for transfer and coverage. Accountingfirm17@gmail.com.

Westchester CPA firm seeks to acquire accounts and/or practice. Retirement minded, sole practitioners, and small firms welcome. High retention and client satisfaction rates. Please call Larry Honigman at (914) 762-0230, or e-mail Larry@dhcpas.biz

Leading CPAs Through Transition with Succession and M&A Strategies

Deal Facilitation ♦ Transaction Support



Practice Management

Searches
Introductions
Negotiations
Contract Design/Review
Due Diligence Support
Deal Structure
Valuations
Succession
Transition Planning/Implementation
Growth Strategy
Niche Development
Partner Agreements

— Always Confidential —

Joel Sinkin

jsinkin@transitionadvisors.com

Bill Carlino

wcarlino@transitionadvisors.com

866-279-8550

www.transitionadvisors.com

HELP WITH PREPARING FOR PEER REVIEW

Special for NYSSCPA Members

Financial statement work, audit procedures, workpapers, drafting footnotes.

Can act as your audit engagement quality reviewer, manager or senior.

Everything you need to successfully pass a peer review.

CALL SHIMON D. EINHORN, CPA

(917) 318-7498

s.einhorn@juno.com



Financial Insight. Business Instinct.

Seize a merger/acquisition opportunity with a number of benefits for you. Are you tired of dealing with the day to day administrative issues of running a firm? We are looking for firms ranging in size from \$300,000 to \$5,000,000 that are eager to combine forces with us as we continue to grow across Northern New Jersey, Westchester and the entire Hudson Valley region. Goldstein Lieberman & Company is ideally situated to service all types of companies and industries throughout the region. Visit us on the web at www.glcpcas.com then email me—Phillip Goldstein, CPA, managing partner at philg@glcpas.com or call me at (800) 839-5767 so that we can have a strictly confidential conversation. Don't wait—call today!

NASSAU COUNTY / NEW YORK CITY CPA FIRM

Established firm with offices in NYC and Long Island, which has successfully completed transactions in the past, seeks to acquire or merge with either a young CPA with some practice of his own or a retirement-minded practitioner and/or firm. Call partner at 516.328.3800 or 212.576.1829.

Don't sell or merge your practice without considering this.

You may sell or merge a practice only once or twice in a lifetime. The buyer has probably done it before—maybe many times.

We represent firms and professionals in managing growth and transition through mergers, acquisitions, partner search and succession planning. If you're serious about making a move for yourself or your practice, we can help.

The phone call is free. The consultation could change your life.



Isn't it time we talked?

Call Robert Fligel, CPA, at 212-490-9700 or email rfligel@rf-resources.com.

RF RESOURCES LLC

M&A, partner search and succession planning for CPA firms

80 Park Avenue | New York, NY 10016

rf-resources.com

SPACE FOR RENT

OFFICE SPACE AVAILABLE

THROUGHOUT MANHATTAN

300 square feet to 15,000 square feet.

Elliot Forest, Licensed Real Estate Broker, 212-447-5400.

650 rsf on 5th Avenue @ 34th St. \$50 sf.

2 offices. Avenue views. 24/7 access.

Elliot @ 212-447-5400.

AAA PROFESSIONAL OFFICES FOR RENT. NASSAU COUNTY. 1-, 2-, 3-room suites facing Hempstead Tpke. FREE UTILITIES. FREE FRONT PARKING. 516-735-6681.

Two windowed professional offices available immediately in accounting office. Seventh Avenue and 31st Street. Use of conference room, kitchen; other amenities available. Inquire: Paul (212) 697-8540.

Host your next Conference or Meeting



at the New York State Society of CPAs

Located in the heart of the Financial District, NYSSCPA is downtown's newest state-of-the-art conference and meeting center.

Ask us about our special rates for first-time and multiple users
For more information please visit:

www.nysscpa.org/spacerental

For sales, availability and facility tours, contact Kristin Sulfaro at ksulfaro@nysscpa.org, or (212) 719-8376. 14 Wall Street, 19th Floor, New York, New York, 10005.

Now you can offer your clients multi-state tax consulting services.

- Let us serve as your firm's outsourced state & local tax / sales & use tax experts, behind the scenes or directly with you and your clients.
- Our team has over 100 collective years of state & local tax experience, including Big 4 firms and industry.
- Team includes former state sales & use tax auditors.
- Experience working with CPA and law firms.
- National firm experience at competitive rates.

- Nexus services
- Audit representation
- M&A transactions
- Refund reviews
- Advisory services
- Research

Call Andy Toth, CPA, at 716.633.1373 or e-mail ajt@tsacpa.com to learn more.

TRONCONI SEGARRA & ASSOCIATES, LLP

Certified Public Accountants
Business Consultants

Solutions Beyond the Obvious

www.tsacpa.com

TAX CONSULTANCY

INNOVATIVE STRATEGIES

for sales and use tax compliance, audits, refunds, appeals, and bankruptcy.

Extensive multistate experience.

Jeffrey J. Coren, CPA

212-594-6970

SALES TAX, ISAAC STERNHEIM & CO.

Sales tax consultants, audits, appeals, & consultations. Principals with many years of experience as Sales Tax Bureau audit supervisors. (718) 436-7900.

SALES TAX, AUDITS, APPEALS, & CONSULTATIONS.

Experience: Many years with New York State Sales Tax Bureau as auditor and auditor supervisor. Jack Herskovits. 718-436-7900.

Buxbaum Sales Tax Consultants

www.nysalestax.com

(845) 352-2211

(212) 730-0086

"A Leading Authority for Sales and Use Tax In The State of New York"

- Sales Tax Audits—Resolution with Client Satisfaction
 - Tax Appeals Representation—Excellent Results at the New York State Bureau of Conciliation and Mediation Services and Division of Tax Appeals.
 - Collection Matters—Resolving Old Debts and Current Liabilities.
 - Refund Opportunities—Recovering Sales and Use Tax Overpayments
- More than 40 years of Successful Results!**
See our published results.

Give us a call to discuss any New York State Sales Tax issue.



PURCHASE 15 CPEs
Only \$255 - \$17/Credit

VIEW LIVE OR ARCHIVED PROGRAMS

www.TaxTalkToday.com

SALES TAX PROBLEMS?

Are you being audited?
Free Evaluation

Former Head of NY Sales Tax Division

• Audits • Appeals • Refund Claims •

* Reasonable fees *

(212) 563-0007 • (800) 750-4702
E-mail: lr.cole@verizon.net

LRC Group Inc.
Lawrence Cole, CPA
Nick Hartman

SALES TAX PROBLEMS?

More than 25 years of handling NYS audits and appeals. CPAs, attorney, and former NYS Sales Tax Auditor on staff. All businesses, including service stations, pizzerias, restaurants.

Free initial consultation.

Rothbard & Sinchuk LLP
516-454-0800, x204

BUSINESS SERVICES

With over 100 years of experience as public insurance adjusters, Adjusters International/Basloe, Levin & Cuccaro provides the extensive knowledge needed to prepare your client's property and business income claims and to achieve the best settlement.

Contact us today for a free consultation.

Stephen T. Surace, CPA, CFF

Sr. Vice President

125 Wolf Road, Suite 214

Albany, NY 12205

ssurace@aible.com

(315) 797-1234 (877) 482-1234

LEGAL SERVICES

NEED TO INCORPORATE?

Complete Incorporation Package Includes:
Preparation—State Filing Fees—
Corporate Kit via UPS

Registered Agent Services Available

NEED TO DISSOLVE or REINSTATE or AMEND?

Qualified Staff to Help Accomplish
Your Corporate or LLC Goals!
All 50 States. Simply Call.

INTERSTATE DOCUMENT FILINGS INC.

Toll Free 800-842-9990

margenjid@yahoo.com

PEER REVIEW SERVICES

PEER REVIEW SPECIALIZING IN
EMPLOYEE BENEFIT PLANS
CIRA, BROKER DEALERS
INSPECTIONS & REVIEW SERVICES

JOHN M SACCO, CPA

JMSacco@SAccoManfre.com

914-273-6270

SACCO MANFRE CPA PLLC

PEER REVIEWS

Thousands of Peer Reviews Performed
The Most in New York Every Year

Member of AICPA Governmental &
Employee Benefit Audit Quality Centers

Fixed Fees

LILLING & COMPANY^{LLP}

Mark Lilling CPA

212-594-0055
516-Tax-1099

mlilling@lillingcpa.com

PEER REVIEWS

System Review

Audits / Yellow Book / Single
Audit-A133

Engagement Review

Reviews / Compilations

Andrew Pieri, CPA

718-577-5052

516-209-4001

Andrew@PieriCPA.com

Peer Review Services

HIGH QUALITY / PRACTICAL
APPROACH

Peer reviews since 1990. Review teams with
recognized experts in the profession.

David C. Pitcher, CPA / Gregory A. Miller,
CPA

DAVIE KAPLAN, CPA, P.C.

585-454-4161 www.daviekaplan.com

Quality Control Services

Engage our dedicated team to assist your firm with:

- Engagement inspections and monitoring
- Design of quality control systems

Peer Review Services

- System reviews
- Engagement reviews



Vincent Gaudio, CPA

(212) 896-1920 | vgaudio@buchbinder.com

Buchbinder Tunick & Company LLP | Over 70 Years of Service

PREPARE FOR PEER REVIEW PEER REVIEWERS SPECIALIZING IN EMPLOYEE BENEFIT PLANS & YELLOW BOOK ENGAGEMENTS



VANACORE
DEBENEDICTUS
& DIGIOVANNI
WEDDELL

LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

Available for Consulting,
Pre-Issuance Reviews & Monitoring
Member of AICPA Governmental & Employee Benefit
Audit Quality Centers
Fixed Fees

11 Racquet Road, Newburgh, NY 12550
845-567-9000

WWW.VDDW.COM JGEORGE@VDDW.COM

SITUATIONS WANTED

CPA with many years public tax accounting experience wanting NYC senior public tax accounting job. Contact Darosenfl@aol.com

Wall Street based and PCAOB registered CPA seeks Broker/Dealer and or Investment Company Financial Statement preparation or completion type work. john@jsmillercpa.com.

New York City Metro Technical Accounting/ Auditing Pro

seeks issues-oriented and financial statements completion-type work, such as draft footnotes and statement format, on a project or other basis at a reasonable professional rate for CPAs in need of this type of temporary help. Also available for audit, reviews or compilations workpaper or report review. Can serve in SOX/PCAOB concurring partner review function or independent monitoring function under new Engagement Quality Review (EQR) in years between smaller firm AICPA Peer Reviews.
Call 516-448-3110.

PROFESSIONAL CONDUCT EXPERT

PROFESSIONAL CONDUCT EXPERT

Former Director Professional Discipline, 25 Years Experience, Licensure, Discipline, Restoration, Professional Advertising, Transfer of Practice; AICPA and NYSSCPA Proceedings, Professional Business Practice. Also available in Westchester County

ROBERT S. ASHER, ESQ.

295 Madison Avenue,
New York, NY 10017

(212) 697-2950

The Trusted Professional

LINE CLASSIFIED ADVERTISING RATES (NET):

First 14 words: \$84

Each additional word: \$6

Logo and Border Upcharge: \$45

For more information or to secure ad space,
please contact:

Allison Zippert

410.584.1971

azippert@networkmediapartners.com



FAE On-Site Learning

Bring Targeted, High-Quality Education and Training to Your Workplace.

Designed for professionals in accounting firms, private industry, government, and academia

YOUR TRAINING CAN INCLUDE TOPICS SUCH AS:

- ▶ Professional Ethics
- ▶ Compilation and Review
- ▶ FASB Update for Industry
- ▶ FASB Update for Accounting Firms
- ▶ Public and Private Company Auditing Updates
- ▶ IFRS
- ▶ Plus many more

BENEFITS OF FAE'S ON-SITE LEARNING:

- ▶ Cost-effective and convenient—no lost time and no staff travel expenses
- ▶ Customized content to meet your training needs
- ▶ Confidential learning environment
- ▶ Employee/instructor interaction
- ▶ Flexible pricing
- ▶ Meet your CPE requirements in ethics, tax, accounting, auditing, and specialized knowledge and applications

START PLANNING TODAY!

For more information, contact Annette Davis, Associate Director, On-Site Learning and Development, 212-719-8305, or adavis@nysscpa.org.